

Chief Justice Rejects Plea On Clinton's Bodyguards

Ruling Clears the Way For Prosecutor to Force Testimony on Lewinsky

By Peter Baker
Washington Post Service

WASHINGTON — Minutes before a noon deadline on Friday, Chief Justice William Rehnquist of the Supreme Court rejected an emergency appeal to block President Bill Clinton's security detail from testifying in the Monica Lewinsky investigation.

Prosecutors moved immediately to bring the president's security agents before a grand jury.

Culminating several days of high legal drama, Justice Rehnquist declined to issue a temporary order stopping the testimony.

He explained that the full Supreme Court was not likely to overturn a lower court ruling that the Secret Service did not enjoy a right of confidentiality.

The Justice Department, in representing the Secret Service, had to "show that there is likelihood that this court would reverse the judgment of the court of appeals," he wrote in a short order.

"The applicant simply has not made that showing to my satisfaction, and I believe my view would be shared by a majority of my colleagues. The opinion of the court of appeals seems to me cogent and correct."

Kenneth Starr, the independent counsel, wasted little time in taking advantage of the decision.

Even before Justice Rehnquist handed down his judgment, Mr. Starr had ordered Larry Cockell, the head of Mr. Clinton's security detail, and several uniformed officers to appear at the Federal Courthouse in Washington by noon. That was when the stay issued by the appeals court was to expire.

Mr. Starr planned to begin having them testify, using a different grand jury rather than wait until Tuesday when the normal Lewinsky panel would next meet.

Asked about the Rehnquist ruling, President Clinton said he had "a legal opinion and ... a personal opinion" about the case.

But he declined to reveal them because, he said, "it would be inappropriate for me to express an opinion."

See AGENTS, Page 3

AGENDA

U.S. Fails to Block War Crimes Court

A treaty creating the world's first permanent war crimes tribunal won preliminary approval Friday in Rome over strenuous U.S. objections. A final vote was expected later in the evening.

A U.S. bid to undermine the package deal was beaten back by a vote of 113 to 17, with 25 countries abstaining. The vote was celebrated with thunderous applause. An effort by India to derail the agreement also was voted down.

Joining the United States in denouncing provisions of the treaty were countries that included Libya, Algeria, China, Qatar and Yemen. Traditionally close U.S. allies came to the treaty's defense.

Earlier article, Page 3

Czech Leader Named

PRAGUE (Reuters) — President Vaclav Havel accepted the resignation on Friday of Josef Trosovsky's caretaker government and named the Social Democratic leader Milos Zeman as prime minister.

Mr. Havel asked Mr. Trosovsky's government to remain in office until the new cabinet is appointed. That is expected on Wednesday.

Books Page 4.
Crossword Page 13.
Opinion Page 6.
Sports Pages 19-20.

The Internet Page 5.
The JHT online www.jht.com

Newstand Prices

Bahrain	1,000 BD	Malta	55 c
Cyprus	€ 1.00	Nigeria	1250 Naira
Denmark	14.00 Dkr	Oman	1,250 OR
Finland	12.00 Fm	Qatar	10.00 QR
Gibraltar	£ 1.85	Rep. Ireland	€ 1.00
Great Britain	£ 1.50	Saudi Arabia	10 SR
Egypt	£ 5.50	S. Africa	R12 + VAT
Jordan	1,250 JD	U.A.E.	10.00 Dh
Korea	₩ 180	U.S. Mil. (Eur.)	\$ 1.20
Uzbek	700 Fts	Zimbabwe	Zim \$40.00



President Yeltsin and his wife, Naina, paying tribute Friday at the tomb of the last czar of Russia, Nicholas II.

Yeltsin Honors Last Czar of Russia

By Daniel Williams
Washington Post Service

ST. PETERSBURG, Russia — Boris Yeltsin, the first president of the "new Russia," bowed Friday to the last czar of the old Russia and asked forgiveness for crimes against victims of hate and politics.

President Yeltsin spoke in front of the coffins of Czar Nicholas II, his wife, three of his children and four attendants, all of whom were shot to death or bayoneted by Bolshevik Red Guards 80 years ago today.

The members of the Romanov family and their retainers were buried in a solemn memorial service at Peter and Paul Cathedral, a mausoleum for czars since the reign of Peter the Great.

The ceremony fulfilled the hopes of the organizers, who wanted the event to provide a grand gesture of repentance.

President Yeltsin's speech emphasized the need to recognize historical truth to avoid a future of atrocities. He referred to the execution of the czar, his family and attendants as "one of the most shameful pages of Russian history."

Mr. Yeltsin acknowledged that Soviet authorities over the decades, of whom he was one, had distorted the history of the murders.

"All these years, we were silent about this horrible crime," he said. "Those who perpetrated this crime and those who for decades have been finding excuses for it are guilty. All of us are guilty. One cannot lie to oneself and explain away wanton cruelty as political necessity."

"We are all responsible to the historic memory of the people. That's why I should come here as a person and as president. I bow my head before the victims of a senseless murder."

He then leaned forward slightly. Later, after the wooden coffins were lowered into a tomb, Mr. Yeltsin held his right hand to his heart and bowed three times.

Bells, chimes and an artillery salute rang out from the Peter and Paul Fortress on an island in the Neva River. Mr. Yeltsin's stirring apology served to redeem an event whose preparation had been marred by political and religious squabbling.

See CZAR, Page 8

Tour Coach Admits Giving Team Drugs

By Samuel Abt
International Herald Tribune

BRIVE LA GAILLARDE, France — The coach of the world's leading bicycle racing team admitted Friday that he had conducted a "concerted" practice of supplying illegal, performance-enhancing drugs to the team's riders, who are racing now in the Tour de France.

The coach, Bruno Roussel, 41, a Frenchman, and the doctor for the team were placed under formal investigation by a French judge earlier in the day on charges of buying, transporting and using illicit drugs as the scandal enveloping the Tour continued to widen.

Formal investigation is a step short of arrest but will keep them in custody.

A lawyer for Roussel, Thibault de Monthrial, read a statement in the northern city of Lille that said: "The subject was to optimize performance under strict medical control" while ensuring that the riders did not use drugs without such control.

No official accusation was leveled against any of the riders for the Festina team, which includes the world road race champion and two favorites in the Tour, Philippe Joubert, an assistant public

prosecutor in Lille, where the judge sits, said that the riders would be questioned "as witnesses" once the three-week Tour ends in Paris on Aug. 2.

Efforts to reach the riders in Brive la Gaillarde, where the race ended its sixth daily stage on Friday, were unsuccessful. Officials of the Tour were preparing comment on the affair after first saying that they would not respond to press reports but awaited formal notification from judicial authorities.

A worker for the Festina team, Willy Voet, 53, a masseur, was arrested last

See TOUR, Page 8

A Rare Political Contest Is Emerging in Japan

Boss-Driven Party Fights Over 2 Contenders

By Kevin Sullivan
Washington Post Service

TOKYO — Two heavyweights in the governing Liberal Democratic Party on Friday declared their candidacies for party president — and, effectively, prime minister — and set the stage for a public display of backroom power politics that Japan has not witnessed in 20 years.

The announcements by Foreign Minister Keizo Obuchi and Seiroku Kajiyama, a party veteran, demonstrate that in the fallout from the party's devastating loss in parliamentary elections Sunday, one of the world's great smoky-backroom, boss-driven political institutions is showing surprising signs of opening up.

After a half-century of dominance in Japan, analysts say the Liberal Democratic Party seems to be heading the demands of voters, international financial markets and even disgruntled junior party members for a more open, democratic process to choose Japan's next leader.

For the first time since 1978, the secretive and tradition-bound party may hold an unpredictable election to choose its new leader. Many of the party's presidential elections have been decided by an open vote of party members, but the outcomes had long since been fixed behind the scenes. Analysts say the current race could be different, not decided by simple factional loyalties but by party members voting their conscience.

The party is also planning to have Mr. Obuchi, Mr. Kajiyama and perhaps one or more other candidates hold a debate next week that will probably be carried live on national television. Remarkably, the candidates are expected to joust over substantive issues, including how to rescue Japan's faltering economy.

Under pressure from young reformers, the party vote also has been moved from July 21 to July 24 to give more time for a free exchange of ideas among the candidates — time that has



Seiroku Kajiyama, party veteran.



Keizo Obuchi, foreign minister.

Kosovars Say Serbian Forces Are Executing Civilians

By Chris Hodges
New York Times Service

DECANI, Serbia — Serbian forces have been turning increasingly to the abduction and execution of small groups of civilians in their fight against ethnic Albanian separatists in Kosovo, according to human rights officials and witnesses. Many of the executions took place moments after Serbian special police units concluded attacks on villages held by the Kosovo Liberation Army rebels, witnesses said.

"The number of disappearances are increasing each month," said Behxhet Shala, secretary of the ethnic Albanian Council for Human Rights. "There is a mathematical logic to all this. As the Kosovo Liberation Army kills more police, the police go out and hunt down civilians who live in the areas where the attacks take place. These are reprisal killings."

Some 300 ethnic Albanians are listed by human rights officials as missing since March, when the conflict intensified between the rebels and the 50,000 or so Serbian soldiers and policemen deployed here.

Some of them may have fled to Albania or Montenegro, and others may be living with relatives elsewhere in Kosovo. But some were seen by witnesses being led away by special police units, never to reappear.

As the war progresses, and as the rebels, who themselves have abducted at least 30 Serbs, increasingly make Serbian civilians their target, the fear is growing that the fighting could spiral into the kind of war against

See KOSOVO, Page 8

U.S. Trade Deficit Rises on Asia Crisis

Declining Exports Point to Slowdown During 2d Quarter

By Richard Stevenson
New York Times Service

WASHINGTON — The U.S. trade deficit shot up again in May to another record, the Commerce Department reported Friday, providing compelling evidence that economic growth slowed substantially and may even have been halted during the spring as the Asian crisis rippled across the Pacific.

The deficit rose in May to \$15.8 billion from \$14.3 billion in April, a far bigger increase than economists had expected.

Exports declined for the second month in a row, to \$76.2 billion, the lowest level in 15 months, primarily because of weak demand across Asia for American goods and services. Imports rose slightly, to \$92 billion, reflecting the effects of a strong dollar and a continued spending spree among consumers.

For the first five months of the year, the cumulative trade deficit was \$64.9 billion, a 39.6 percent increase over the same period last year.

President Bill Clinton called for action to support an Asian recovery, reiterating his demand that Congress approve payment of dues to the International Monetary Fund.

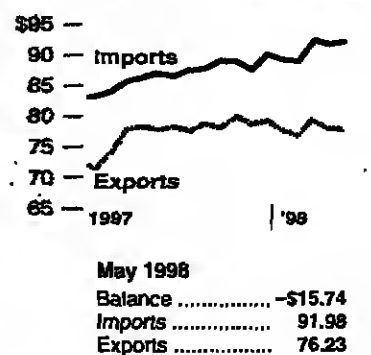
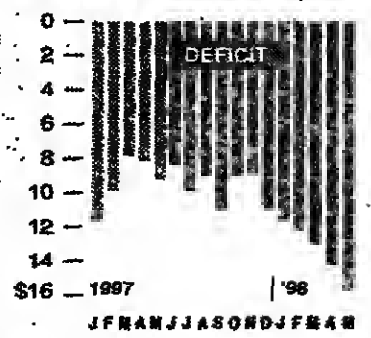
"The American people should be concerned about this, but we should know that there is a disciplined answer," Mr. Clinton said. "We need to restore growth in Japan, restore growth in Asia, and our major goal here for our own actions should be to pay our fair share to the International Monetary Fund so we can support economic recovery so we can afford to buy our products."

Economists said the deteriorating trade situation had offset healthy domestic demand during the second quarter, and some analysts said it was now possible that the economy contracted during April, May and June.

"It's a disaster," said Joel Naroff, an economist at First Union Bank in Philadelphia. He said there was a "very

U.S. Trade Imbalance

In billions of dollars, monthly.



Source: Bloomberg, NYT

Ex-Ministers To Be Tried In France in AIDS Case

By Craig R. Whitney
New York Times Service

PARIS — Former Prime Minister Laurent Fabius and two other former ministers will be tried by a special tribunal on charges of contributing to the deaths of patients who received transfusions from government blood stocks contaminated with the AIDS virus in 1985, a special commission ruled Friday.

After 1,250 people, mostly hemophiliacs, were infected with HIV, which causes AIDS, when Mr. Fabius was prime minister. He and Georgina Dufoux, his social affairs minister, and Edmond Hervé, the health minister, came under investigation in 1992 on charges of complicity in poisoning the victims.

They were placed under judicial investigation, one step short of indictment, on those charges in 1994. But a special commission of three investigating judges decided Friday that they should be tried by the Court of Justice of the Republic on charges of involuntary homicide, the equivalent of manslaughter, and of "involuntarily compromising the well-being of others," their lawyers said.

The three were accused in 17 individual cases, according to the lawyers. Mr. Fabius, the current speaker of the National Assembly, expressed satisfaction Friday night that the poisoning charges had been dropped.

All three defendants have denied knowingly permitting tainted blood to be used in transfusions or deliberately denying screening blood for HIV.

In 1992, four senior public health officials were convicted of fraud for allowing the distribution of the tainted blood. They received jail sentences of up to four years.

Mr. Fabius said that the decision Friday was "only a stage."

"Barring possible appeals, it's before the Court of Justice that I will establish that I acted in good conscience, as I have always said, as I ought to have done, and as quickly as possible," he said.

Bernard Cahen, the lawyer representing Mrs. Dufoux, said: "It's hard to imagine any trial starting much before the end of the year. We don't have a copy of the decision yet, so we don't know the grounds. Depending on what those are, we could still appeal."

More than 400 hemophiliacs, many of them children, died of AIDS, families of the victims charged, because the government delayed screening blood stocks for HIV until a French-devised test for the purpose was available. An American test could have been used and would have averted the tragedy, they charged.

Government officials at the time had immunity from prosecution for crimes committed while in office, but the public uproar over this and other political scandals of the early 1990s was so great that in 1993 President Francois Mitterrand, a member of the Socialist Party, like the three officials being charged, approved setting up a special tribunal, the Court of Justice of the Republic, before which cabinet ministers could be tried.

See AIDS, Page 8

Ending Ulster's Apartheid: Long Road Ahead

By Warren Hoge
New York Times Service

BELFAST — The premise being starkly challenged in Northern Ireland's halting passage to a more secure future is whether political solutions, however imperfect, can free up societies condemned to continual combat by tribal suspicions and practices.

In four months of remarkable achievement, Northern Ireland has concluded a peace settlement negotiated over 26 months, gained popular support for it through a referendum and elected a new legislature to regain power that London has exercised here since 1972. Further measures called for by the accord are to be taken in the fall in the continuing effort to give the two warring religious communities shared participation and a reason to stop fighting each other.

Every step was a tortured one. The peace talks succeeded only after the governments of Ireland and Britain that sponsored them imposed a deadline and kept negotiators up all night and into the next evening until they produced an agreement on April 10, Good Friday.

The May 22 referendum approval almost failed when hard-line Protestant politicians led by the Reverend Ian Paisley came within several percentage points of voting it down.

In the Assembly elections June 25, these same forces fell just two seats shy of gaining the capacity to prevent the 108-member body from going forward with further power-sharing measures essential for keeping the peace process alive.

Those prodding Northern Ireland toward a less polarized future have won these battles only by narrow margins

over those resisting the notion.

On the ground, the traditional fierce antagonisms remain. Left to themselves, the citizens of Northern Ireland have not shown the disposition to get together. Only 8 percent of them live in neighborhoods that are mixed, and only 5 percent of the province's students attend schools that are.

All across the province, communities flaunt their religious exclusivity, with Roman Catholic neighborhoods flying the Irish tricolor and Protestant communities painting their curbstones and light stanchions in the red, white and blue colors of the Union Jack.

Most Catholics seek closer links with the Republic of Ireland and many wish for a unified island ruled from Dublin, while most Protestants want to remain part of the United Kingdom. Catholic residents of Northern Ireland generally call themselves Irish while Protestants call themselves British.

With growing economic equality, there are few ways these days to know who is of which religion. Questions about where you live or where you went to school are asked with more than just conversational curiosity in Northern Ireland. Sometimes the name is the same, but the clue is in the spelling. McGuinness tends to be Catholic, Maginnis Protestant.

At a heavily attended Catholic church service Tuesday, the only way it became apparent that there was a substantial Protestant turnout was when numbers of people were unable to mouth the words to Catholic prayers. The Requiem Mass was said for the three Quinn brothers, Rich-

ard, 11, Mark, 10 and Jason, 9, burned to death in their beds early Sunday by Protestant arsonists who threw a firebomb into their housing-project home.

It was the widespread horror at that event, encompassing both communities, that put an end to the threat that the siege of Drumcree posed to the overall peace-settlement process. The Orange Lodge of Portadown, the militant Protestant town where the order was created in 1795, had predicted a turnout of 100,000 at the contested site Monday night, but almost all of them stayed away in the shocked aftermath of the killings.

The confrontation centered on whether the men in their bowler hats and orange collar bibs would be permitted to march from the church down the Garvaghy Road, which runs through a neighborhood of Catholic housing projects. The government's new Parades Commission ordered them to follow a less contentious route, but they refused, saying they would maintain a vigil on the country church hillside until they could "walk the queen's highway."

On Thursday, only three members of the Portadown Orange Lodge were allowed onto the site to keep what the police called a "token" presence. The police and British troops on Wednesday evicted troublemakers who had bombarded them with bombs and missiles every night since the standoff began July 5. Only small numbers of Orangemen will be permitted back, and siege of Drumcree this year, the fourth in a row to provoke violence across the province, has ended.

This year's riotous behavior has produced a split in the Protestant ranks, with a number of religious and political

figures urging the Portadown Orangemen to abandon the standoff. Among them was David Trimble, the first minister of the new Assembly who was an active participant at past Drumcree protests.

Significantly, Mr. Trimble made his public appearances around the province with Seamus Mallon, his Catholic deputy in the Assembly leadership, by his side. An arrangement that would be barely noticeable anywhere else in Europe, it was a startling new fashion in the dour and gritty polarized politics of Northern Ireland.

Mr. Trimble's next test is the creation of the 10-man Assembly executive in September, the group that will effectively be the cabinet of the new government of Northern Ireland. The vote total for Sinn Féin, the political ally of the Irish Republican Army, entitles the party's president, Gerry Adams, to a place in this new cabinet.

Throughout the negotiations, Mr. Trimble refused to speak to Mr. Adams, accusing him of being the leader of a party that has not renounced violence. Members of his own party and leaders of hard-line Protestant parties have said they will not support Mr. Trimble if he agrees to let Sinn Féin take its ministerial position in the absence of an disarmament move by the IRA. The matter is the next hurdle in the province's halting passage to a new political future.

The IRA has maintained a cease-fire for a year now, even in the face of provocations like the tumultuous past two weeks during which Catholics have been under assault across the province.

There have been arson attempts on more than 130 Catholic homes, and 10 Catholic churches and 13 Catholic schools have been torched by night-riding Protestant vigilantes. More than 100 Catholic families are being moved by public housing authorities after receiving threats like letters containing bullets and warnings to leave.

While the brutal events have intensified the residential apartheid of Northern Ireland and reinforced suspicions held for generations, they may have also discredited and weakened the diehard forces working against the fulfillment of the peace settlement.

They also have shown the grim resilience of Northern Ireland as it passes through some of its most transforming months. At the church service Tuesday in Ballymoney, the Reverend Peter Forde looked out over the thronged congregation and said: "We meet in sorrow at the deaths of these children, but our shared sorrow is a beacon hope for the whole country. In this, our very troubled country, may it light our way ahead."

2 Pedophilia Cases Stir Action by EU

Dutch Investigate an Internet Ring; Belgians Seize Video Cassettes

By Barry James
International Herald Tribune

BRUSSELS — Two major pedophilia cases in Europe have broken into the open, with Dutch police confirming Friday that they were investigating an Internet pornographic network and a report in Belgium that police were seeking to identify 340 children and adolescents shown in seized pornographic video cassettes.

In the Netherlands, a spokesman confirmed that police were investigating a widespread Internet ring and said that examination of computer material "has brought to light a number of pictures showing serious sexual abuse of children."

In Belgium, reports said, that since the end of June police forces all over the country had been seeking with limited success to identify the young people shown in video cassettes seized in a police raid on a pedophile ring at Alost, near Brussels.

Many of the cassettes were made on the Portuguese island of Madeira, the reports said.

Reports said one of the victims was identified as a German boy who disappeared in Berlin five years ago, when he was 12, and has been missing since.

The cases created a major political embarrassment for the European Union,

which for legal reasons has suspended funding for programs aimed at preventing pornography on the Internet and combating violence against women and children.

Ministers of several European countries met in Brussels on Friday to discuss the controversial budget cuts. Officials said it was likely they would find a way of restoring the funding for "politically sensitive" items.

In Vienna, Foreign Minister Wolfgang Schuessel said that the "especially disgusting" cases of child pornography underlined the necessity of Europe's taking "joint and firm action" to protect children.

"It is not acceptable that child pornography, through the use of the Internet, assumes an even bigger and more gruesome dimension," he said. Austria, which holds the presidency of the European Union, was taking the lead in seeking a resolution to the funding problem.

The German government Friday established a committee to coordinate the fight against child pornography. The government spokesman, Otto Hauser, urged regional police forces to designate experts to scan the Internet for pedophile and pornographic content. "The Internet is not a lawless space," he said. "We must widen our search for these criminals."

Meanwhile, Belgian tour operators

Friday announced a campaign to make vacationers aware of the child sex trade in a number of overseas destinations. The operators will issue booklets warning travelers that they could face prosecution at home for offenses committed abroad. The operators said they would issue baggage tags with the message, "Stop sexual exploitation of children."

In Belgium, the Duitrouw pedophile murder scandal two years ago has made child pornography a burning political issue.

A Flemish anti-pornography group called the National Morkhoven Task Force revealed the existence of the Dutch-based Internet ring in a television program shown in the Netherlands on Wednesday night.

The program's producers said they had pictures showing infants as young as 1 year old being abused.

"They show children tied up, being raped and abused," said Marcel Vervoelen, a member of the Morkhoven group.

The European Commission, the executive arm of the European Union, said earlier this week that it was suspending funding for many humanitarian and social aid groups because of a European Court ruling two months ago that all "significant" budget items had to have the approval of the 15 member governments.

Anti-Drug Program in Afghanistan Is in Danger

By Barbara Crossette
New York Times Service
UNITED NATIONS, New York — An anti-narcotics

program begun in Afghanistan late last year is in danger of being dismantled, a top UN official said, citing reports that opium poppy production may be increasing in areas under the control of the Islamic Taliban movement.

Pino Arlacchi, executive director of the UN Drug Control Program, also said in an interview that he was hearing for the first time of the opening of refineries to produce morphine, if not heroin, near the heart of the Taliban's religious center of Kandahar. Both increased production and the refining of opium would violate the accord under which the United Nations has agreed to provide development aid in return for a gradual reduction of poppy cultivation.

At a news conference here Thursday, Noorullah Zadran, the Taliban's representative to the United Nations, said that the Taliban strongly opposed narcotics but that the drug-control program had demanded too much of the Taliban too soon.

Mr. Arlacchi, one of a shrinking group of UN officials who have been optimistic that agreements made with the Taliban would eventually work as planned, said

he expected to get full reports in coming weeks on the planning of new opium crops.

"The pillar of the agreement is that they should destroy all the new poppy crops that we will detect or they will detect," Mr. Arlacchi said from his headquarters in Vienna. "When we get the precise sites under cultivation, we will go back to them and ask them immediately to destroy this cultivation. If they will not do it, we will have to reconsider our agreement."

Mr. Arlacchi said he had told countries that contribute to aid for Afghanistan that if the Taliban, which controls about 85 percent of Afghanistan, did not comply, he was prepared to use the aid money to reinforce border patrolling around the country, particularly in Iran and Tajikistan, through which Afghan opium passes.

"Until this moment, they actually delivered on the agreement," Mr. Arlacchi said. "On the first of June they destroyed two tons of opium." But new information has made him "rather pessimistic," he said.

Mr. Zadran of the Taliban said of the anti-drug program: "God knows we tried. There is a difference in cultures.

There is a different perception." He said money intended for the Afghans was being used for UN administrative expenses before it reached the country.

Mr. Zadran complained that of a \$16 million pledge to the Taliban in development aid, the Drug Control Program had spent \$11 million on administrative costs.

The \$16 million in aid was to cover agricultural supplies and eventually some light manufacturing to supply jobs in areas where the opium crop is important to family earnings.

Even though the Taliban opposes the use of narcotics, it has been unable to provide economic alternatives to help people to stop growing opium.

The Taliban was also "insulted," he said, by its exclusion from a UN drug summit meeting in June at which the leader of the fragmented former government driven out of Kabul two years ago was allowed to speak because his administration still holds the UN seat.

This anomaly persists because the United States and other countries will not let the Taliban hold the seat until it has met certain conditions.

BRIEFLY



Fausto Bertinotti of Italy's Refounded Communist Party discussing on Friday the coming government confidence vote in Parliament.

Italian Leader Seeks 'A Strong Mandate'

ROME — Prime Minister Romano Prodi of Italy called Friday for "a strong mandate" for his center-left coalition government before a confidence vote on his administration's policies.

Deputies are due to vote on a confidence motion Wednesday. Mr. Prodi decided in June to throw open his majority to a "huge verification" after the Refounded Communist Party refused to vote for ratification of NATO plans to incorporate three East European nations.

Kohl's Party Trails In 2 Polls, 42 to 37

BONN — Germany's opposition Social Democrats still hold a solid lead over Chancellor Helmut Kohl's conservatives with two months to go until a general election, two opinion polls showed Friday.

The surveys were carried out by Forschungsgruppe Wahlen and by the Emnid research institute. Both put the Social Democrats on top with 42 percent and Mr. Kohl's conservatives trailing at 37 percent.

The Wahlen poll, commissioned by

ZDF public television for its monthly Politbarometer program, showed that Mr. Kohl's Christian Democrats and their Christian Social Union sister party had narrowed the gap by one point since last month. (Reuters)

Offer on Holocaust Final, Banks Say

GENEVA — The two largest Swiss banks said Friday that their final offer to settle Holocaust claims in the United States remains \$600 million, despite reports that the amount could be doubled.

A United Bank of Switzerland spokesman, Christoph Meier, denied reports in the Financial Times of London and the German paper Handelsblatt that the banks were considering doubling their offer.

Mr. Meier and Paul Rhy, a Zurich-based spokesman for Credit Suisse Group, said the banks' offer, made June 19, was still valid and that there was no possibility of raising it. (AP)

For the Record

Britain will treat its medical blood supplies to avoid possibility of infecting patients with the human version of "mad cow" disease, even though the risks are not considered to be high. (AP)

TRAVEL UPDATE

Channel Ferry Passengers Drop

PARIS (AP) — Seafarce, a cross-channel ferry operator, said Friday its passenger traffic fell 6.7 percent in the first half of the year, but freight traffic rose 12.8 percent. Seafarce, a unit of the state-owned French national rail operator, carried 1.66 million passengers in the first six months of this year, down from 1.78 million in the first half of 1997.

More Miles Needed on American

DALLAS (AP) — American Airlines passengers looking to redeem frequent-flyer miles for premium seats will need more miles starting Feb. 1. Travelers will need from 10,000 to 25,000 more miles than are now required to buy or upgrade to first class or business class on domestic and international flights. Mileage for coach tickets will not change.

Setback at Hong Kong Airport

HONG KONG (Reuters) — The Hong Kong International Airport has shut down an automated plane guidance system

after a Cathay Pacific jetliner hit a passenger air bridge, an Airport Authority spokeswoman said Friday.

Airport officials were investigating the reasons for the collision Wednesday, which caused minor damage to the plane and the air bridge, one of 37 that passengers use to board and leave aircraft.

Airline in Japan Bans Smoking

TOKYO (Reuters) — Japan's third-largest airline announced a ban on smoking on all domestic flights, effective immediately. Japan Air System made all seats on its 88 domestic routes nonsmoking, a spokeswoman said. Its affiliate, Japan Air Commuter Co., also banned smoking on its flights Friday. Japan Airlines and All Nippon Airways plan to prohibit smoking on all domestic flights this year. Air Nippon banned smoking on domestic flights in April.

The Cyprus Airways pilots union has called off its planned three-day strike that was to start next Thursday. The union said Friday it had agreed to hold more talks with the airline management in the presence of a government minister to discuss outstanding differences, mainly on pay. (AP)

WEATHER

Europe				Forecast for Sunday through Tuesday, as provided by AccuWeather.				Asia			
City	Today	Low	High	City	Today	Low	High	City	Today	Low	High
Algeria	24/24	21/20	27/26	London	14/17	10/9	18/17	Algeria	24/24	21/20	27/26
Amsterdam	18/24	12/13	21/20	Madrid	18/24	12/13	21/20	Amsterdam	18/24	12/13	21/20
Barcelona	24/24	21/20	27/26	Moscow	14/17	10/9	18/17	Barcelona	24/24	21/20	27/26
Berlin	18/24	12/13	21/20	New York	24/24	21/20	27/26	Berlin	18/24	12/13	21/20
Bombay	24/24	21/20	27/26	Osaka	24/24	21/20	27/26	Bombay	24/24	21/20	27/26
Buenos Aires	24/24	21/20	27/26	Paris	18/24	12/13	21/20	Buenos Aires	24/24	21/20	27/26
Calcutta	24/24	21/20	27/26	Rome	18/24	12/13	21/20	Calcutta	24/24	21/20	27/26
Caracas	24/24	21/20	27/26	Sao Paulo	24/24	21/20	27/26	Caracas	24/24	21/20	27/26
Chennai	24/24	21/20	27/26	Seoul	24/24	21/20	27/26	Chennai	24/24	21/20	27/26
Cairo	24/24	21/20	27/26	Singapore	24/24	21/20	27/26	Cairo	24/24	21/20	27/26
Cebu	24/24	21/20	27/26	Taipei	24/24	21/20	27/26	Cebu	24/24	21/20	27/26
Dhaka	24/24	21/20	27/26	Tokyo	24/24	21/20	27/26	Dhaka	24/24	21/20	27/26
Dubai	24/24	21/20	27/26	Ulaanbaatar	24/24	21/20	27/26	Dubai	24/24	21/20	27/26
Hankow	24/24	21/20	27/26	Yokohama	24/24	21/20	27/26	Hankow	24/24	21/20	27/26
Hong Kong	24/24	21/20	27/26					Hong Kong	24/24	21/20	27/26
Kuala Lumpur	24/24	21/20	27/26					Kuala Lumpur	24/24	21/20	27/26
Manila	24/24	21/20	27/26					Manila	24/24	21/20	27/26
Mumbai	24/24	21/20	27/26					Mumbai	24/24	21/20	27/26
Nairobi	24/24	21/20	27/26					Nairobi	24/24	21/20	27/26
Port of Spain	24/24	21/20	27/26					Port of Spain	24/24	21/20	27/26
Rangoon	24/24	21/20	27/26					Rangoon	24/24	21/20	27/26
San Francisco	24/24	21/20	27/26					San Francisco	24/24	21/20	27/26
Singapore	24/24	21/20	27/26					Singapore	24/24	21/20	27/26
Taipei	24/24	21/20	27/26					Taipei	24/24	21/20	27/26
Tokyo	24/24	21/20	27/26					Tokyo	24/24	21/20	27/26
Ulaanbaatar	24/24	21/20	27/26					Ulaanbaatar	24/24	21/20	27/26
Yokohama	24/24	21/20	27/26					Yokohama	24/24	21/20	27/26

A two-month trial subscription. Save up to 60%

Try a special, low cost 2-month trial subscription to the International Herald Tribune to enjoy delivery to your home or office every morning AND save up to 60% off the newsstand price.

COUNTRY/CURRENCY	2 MONTHS NEWSSTAND PRICE	2 MONTHS OFFER PRICE	SAVING COVER PRICE
AUSTRIA	1.45	60	55%
BELGIUM/LUXEM.	3.50	1.35	60%
DENMARK	7.20	2.60	60%
FINLAND	6.20	2.10	60%
FRANCE	5.20	1.80	60%
GERMANY	6.20	2.10	60%
GREAT BRITAIN	4.70	1.60	60%
HONG KONG	10.00	3.50	60%
ITALY	14.50	5.00	60%
JAPAN	20.00	7.00	60%
MALAYSIA	1.00	0.35	60%
NETHERLANDS	1.00	0.35	60%
NORWAY	1.00	0.35	60%
SPAIN	11.70	4.00	60%
SWITZERLAND	6.20	2.10	60%
USA	7.00	2.40	60%

FOR OTHER COUNTRIES, PLEASE CONTACT YOUR NEAREST WY OFFICE

Yes, I would like to start receiving the International Herald Tribune.

☐ My check is enclosed (payable to the IHT)

Charge my: ☐ Amex ☐ Diners ☐ VISA ☐ Access ☐ MasterCard ☐ Eurocard

For ex-US and Asian prices, credit cards will be charged in French Francs at current rates.

Card No. _____ Exp. Date: _____

Signature: _____

For business orders, indicate your VAT No. (If VAT Number FR/42202122)

Mr/Ms/Ms Family Name: _____

First Name: _____ Job Title: _____

Mailing Address: _____

City/Code: _____

Country: _____

Home Tel No. _____ Business Tel No. _____

E-Mail Address: _____

I get this copy of the IHT by: ☐ Mail ☐ Hotel ☐ Office ☐ Other

☐ I do not wish to receive information from other carefully screened companies

Mail or fax to: International Herald Tribune

BUREAU: 181 Avenue de la République, 75011 Paris, France

Fax: +33 1 43 92 10 33 / 33 1 43 92 61

THE AMERICAS

890 Third Avenue, New York, NY 10

War Crimes Court Nearing Creation

U.S. Fails to Block Draft Treaty

Compiled by Our Staff From Dispatches

ROME — Over strenuous American opposition, a UN conference forged a draft treaty Friday for creating the world's first permanent war crimes tribunal.

Delegates from 160 countries had until midnight Friday to approve the treaty.

Despite weeks of arm-twisting, the United States failed to block the creation of an independent prosecutor and insert a loophole that could exempt U.S. citizens and soldiers from the court's jurisdiction. The treaty's strongest supporters also included most of Washington's closest allies.

Hours before the midnight deadline for an agreement at the five-week conference was due to expire, a U.S. spokesman said, "Unfortunately the draft treaty released in Rome this morning does not address American concerns, including the court's jurisdiction and the role of the prosecutor."

"As negotiations continue, we hope that a satisfactory outcome can emerge," he added after the chief U.S. delegate, David Scheffer, held a morning of intensive lobbying with other delegations.

As envisioned in the draft, the International Criminal Court would bring individuals to justice for genocide, crimes against humanity, war crimes and aggression.

The court, to be based in The Hague, fulfills a dream that was born after World War II with the Nuremberg trials of Nazi war criminals and revived with the ad hoc tribunals for alleged offenders from Rwanda and the former Yugoslavia.

Under the draft, a case could be triggered by the prosecutor, with the approval of a pretrial panel of judges, by a country or by the UN Security Council.

To hear a case, the court would need the permission either of the nation where the alleged crime was committed or the suspect's home country.

The United States had sought a more restrictive option that would let it veto, without interference, the prosecution of any American citizen. With U.S. troops deployed in hot spots around the world, Washington fears they could become targets of politically motivated charges.

The U.S. effort to win such veto power was widely denounced.

The negotiations split the conference into two opposing camps — one lobbying for the strongest, most independent court possible and the other hoping to curb its scope.

Supporters of a strong court include most of America's closest allies like Canada and Britain. Among those in the opposite group are nations with dubious human rights records.

(AP, Reuters)

First Lady Lets Out Feminist Battle Cry

SENECA FALLS, New York — Hillary Rodham Clinton has visited the village that gave birth to the women's rights movement 150 years ago, calling on women to honor their feminist heritage by plunging more aggressively into the political fray.

She rolled in on a bus to this picturesque pocket of tidy storefronts and picket-fenced yards in the upstate Finger Lakes region, the culmination of a four-day motor tour of the northeast to "Save America's Treasures."

But if historic preservation sounds like the most traditional and noncontroversial of pursuits for a first lady, Mrs. Clinton showed that celebrating the past can be done with a sharply topical edge.

If Elizabeth Cady Stanton and the other women who convened the first Women's Rights Convention in 1848 were alive, she said, they would be agitating still. In a speech that was at times pointedly political, she implored a crowd of about 16,000 gathered Thursday on a sweltering high school football field to lobby for pay equity for women, universal health care coverage, expanded child care aid and a tougher stand against domestic violence.

She said the feminist pioneers who fought for suffrage would be "amazed and outraged" by the millions of eligible women who did not vote in the 1996 elections. Once muzzled by discriminatory laws, Mrs. Clinton said, "today, women, we silence ourselves." (WP)

Senators in No Hurry To Make a New State

WASHINGTON — Senators smoldering over Puerto Rico's future have all but abandoned plans for elaborate legislation that could put the island on a "fast track" to statehood, but they held out hope that Congress this year could pass a stripped-down bill to establish how Puerto Ricans can vote on homeland status.

"Whatever we did would be pretty lean," Frank Murkowski, Republican of Alaska, said after presiding over two days of often contentious hearings on Puerto Rico during the week.

"There is no schedule at this time," Mr. Murkowski, the chairman of the Senate Energy and Natural Resources Committee, said. But he added, "I remain committed to putting a process in place."

Status — whether to seek statehood, independence or remain an internally self-governing commonwealth under

the U.S. flag — is a topic that has consumed Puerto Rican politics for nearly 50 years. But the debate acquired much greater urgency in March when the House, by a vote of 209 to 208, approved a bill requiring a status plebiscite in Puerto Rico by the end of the year and a presidential transition plan to carry out the plebiscite's result within a decade.

The bill enraged pro-commonwealth Puerto Ricans, who charged that it slighted their option, and Republican conservatives balked at supporting a measure that could offer "fast-track" statehood for an island of 3.8 million people with their own language, culture and traditions. Because of the objections and the narrow House vote, the status bill has inspired little enthusiasm in the Senate.

Coretta Scott King, widow of Martin Luther King, commenting as President Bill Clinton prepared to sign legislation to create a monument to the assassinated civil rights leader on the Washington Mall: "It's appropriate that there is a memorial for him in the nation's capital on the order of those for Abraham Lincoln and Thomas Jefferson. They were great patriots of this country, and so was my husband." (Reuters)

Quote/Unquote

Coretta Scott King, widow of Martin Luther King, commenting as President Bill Clinton prepared to sign legislation to create a monument to the assassinated civil rights leader on the Washington Mall: "It's appropriate that there is a memorial for him in the nation's capital on the order of those for Abraham Lincoln and Thomas Jefferson. They were great patriots of this country, and so was my husband." (Reuters)



A member of the 10th Mountain Women's Color Guard presenting arms during Mrs. Clinton's visit.

Saddam Suggests UN Sanctions Will 'Erode' Over Time

By Barbara Crossette
New York Times Service

UNITED NATIONS, New York — In the first public hint that Iraq's hopes for an early lifting of sanctions have been set back by discoveries of nerve gas in Iraqi warheads, President Saddam Hussein said in a speech Friday that

the embargo was more likely to crumble over time.

United Nations officials who meet regularly in Baghdad with Iraqis to discuss a range of issues from weapons to relief and reconstruction programs said this week that they had begun to get similar signals from the Iraqis.

The Baghdad government's hopes for an end to the sanctions were set back when it was disclosed at the United Nations in June that traces of the lethal nerve gas VX had been found in Iraqi shell fragments unearthed by UN weapons inspectors.

"The blockade will not be lifted by unanimous Security Council resolution, as intended when it was first imposed," Mr. Saddam said in a televised address to the nation marking the 30th anniversary of the revolution that eventually brought him to power.

"Rather, it will erode." But he added that he hoped the erosion would be swift.

"This year, and in the time that follows, God willing, will be the virtual erosion of the blockade," he said, in a speech considerably less bellicose than usual.

But officials at the United Nations do not rule out a renewed crisis with Iraq in October, when the Security Council will meet to make a formal decision on the future of Iraqi sanctions.

A new showdown with Iraq would be a blow to the UN secretary-general, Kofi Annan, who staked his reputation on a pact he concluded with Mr. Saddam in February in which the Iraqis agreed not to block further weapons inspections, as they did last fall and winter.

On Friday, Mr. Saddam

left open the possibility of new threatening measures, which he did not describe, if the embargo on oil sales was not removed. This spring, Iraq sent a letter to the Security Council warning of grave consequences if the embargo were not lifted then. The sanctions are reviewed every six months.

But since June, after Richard Butler, the executive chairman of the United Nations Special Commission, which is charged with eliminating Iraq's weapons of mass destruction, told the Security Council about the findings of nerve gas, Mr. Saddam has not made any threats to defy inspectors.

Mr. Butler is due to return to Iraq in August for more talks with the Iraqis, who have been given a list of tasks to accomplish if they want to see a lifting of sanctions, imposed after the 1990 Iraqi invasion of Kuwait.

After a trip to Iraq in June, however, Mr. Butler was not

very optimistic about making fast progress on his "road map" to the end of the disarmament phase of his work and a shift to long-term monitoring. During those talks, Iraqi leaders refused to discuss VX gas and told him that he would get no more files on the Iraqi biological weapons program, which many experts consider a continuing danger.

Iraq, which first denied having biological weapons, now insists it destroyed them all, but refuses to provide needed evidence.

AGENTS: Justice Rejects Appeal on Guards

Continued from Page 1

Mr. Clinton once again insisted that he had nothing to do with the decision to fight Mr. Starr's subpoenas of agents and officers.

"I want the American people to understand," he said, "that, notwithstanding what some have said, and others have implied, this was a decision that came out of the Secret Service, about which they feel very strongly."

"And these people risk their lives to protect me and other presidents in a professional way, not a political way," Mr. Clinton added.

He bristled at the harsh comments of an appeals judge, Laurence Silberman, who wrote in a concurring opinion Thursday that "the president's agents literally and figuratively" declared war on Mr. Starr, the independent counsel.

"Well, you know, I think you have to consider the source of that comment," Mr. Clinton said, alluding to the Republican-appointed judge.

"And that is simply not true."

"Neither I nor the White House have been involved in it in any way, shape or form, nor will we," the president declared.

Justice Rehnquist made the decision not to issue a stay by himself, as is his right as the justice overseeing the District

of Columbia Circuit. He could have referred the matter to the full court, but said that he could not reach several colleagues who were out of town during the summer recess.

Some were reported to be traveling abroad.

The court still must consider the Justice Department's petition to hear the merits of whether the Secret Service can assert a never-before-recognized "protective function privilege" on the grounds that, violating a president's trust would cause him, and his successors, to push agents away and possibly risk assassination.

It would take four of the nine justices to agree to hear the case, and Justice Rehnquist said he assumed they would do so.

He said there was no irreparable harm by allowing the testimony to go forward in the meantime, though, because if the high court eventually were to side with the Secret Service, it would establish a rule that would reassure future presidents.

His action came a day after the U.S. Court of Appeals for the D.C. Circuit unanimously declined to hear an appeal of a three-judge panel's rejection of the Secret Service argument.

None of nine appeals judges considering the matter even voted to hear the case.

Caught in the middle of the legal mg-of-war were Mr. Cockell, six uniformed officers and a former plainclothes agent who were subpoenaed by Mr. Starr this week to help him determine whether President Clinton lied under oath when he denied having sex with Ms. Lewinsky or urging her to lie.

Mr. Cockell, a 17-year veteran of the Secret Service, took over as head of the protective division in February.

Away From Politics

• A New York state appeals court has dismissed a class-action lawsuit on behalf of more than a million smokers who accused tobacco companies of concealing the addictive quality of cigarettes. (AP)

• Two men have been sentenced in Philadelphia to four years in prison for stealing up to \$3 million worth of Civil War-era artifacts, including John Brown's rifle and a Union general's sword. Earnest Medford, 48, and George Cizmazia, 56, were convicted of stealing items from the Historical Society of Pennsylvania. (AP)

• The Catholic Diocese of Stockton, California, has been ordered to pay \$30 million to two brothers molested by a parish priest known as a sexual predator. (AP)

Mahbub Haq, 64, Dies; Created Growth Index

New York Times Service

NEW YORK — Mahbub Haq, 64, a former finance minister of Pakistan and an early proponent of economic liberalization who in later years argued that poor countries failed to prosper because they neglected the basic development of their people, died Thursday in New York of pneumonia, his son, Farhan, said.

Mr. Haq, who had also been a governor of the International Monetary Fund and director of policy planning at the World Bank, was the author of several books, including "The Poverty Curtain" and "Strategy of Economic Planning." But he was best known for his creation in 1990 of an annual Human Development Index, a measure used by the United Nations Development Program to measure the wealth of nations by the level of living standards their citizens have attained.

His views did not make him popular in many developing countries, nor in some Western capitals, where he criticized foreign aid policies and domestic social programs.

A scrappy and articulate debater, he relished the controversies he provoked. He traveled extensively to speak and gather information and impressions for the United Nations' annual Human Development Report, which was built around his index.

He studied at Punjab University in Pakistan, King's College in Cambridge, England, and at Yale and Harvard in the United States.

Kakichi Ogawa, 75, Farmer Foe of Tokyo Airport

TOKYO (AP) — Kakichi Ogawa, 75, a Japanese farmer who for three decades stubbornly opposed government efforts to seize his land to expand Tokyo's main airport, died of stomach cancer, a hospital official said Friday.

Mr. Ogawa led a vocal four-household faction that resisted the construction of a second runway at the airport at Narita, 65 kilometers (40 miles) northeast of Tokyo.

Chana Timoner, 46, Jewish Woman Chaplain

NEW YORK (NYT) — Chana Timoner, 46, a one-time housewife who became a rabbi and then the first Jewish woman to serve as a full-time army chaplain, died at her home in New Haven, Connecticut, after developing the Epstein-Barr virus.

Ms. Timoner, who was ordained in 1989, worked for the National Council of Christians and Jews as a hospital chaplain. She joined the army reserves and in 1993 became the first Jewish woman to serve as a full-time chaplain in the army.

LEARN FILM MAKING

WRITE • DIRECT SHOOT • EDIT

your own short films in our hands-on eight week intensive filmmaking workshops for individuals with little or no prior filmmaking experience. Shoot your films with 16mm Arriflex cameras in small classes designed and taught by award-winning instructors.

SUMMER 1998

4, 6 & 8 Week Workshops

in the United States:

NEW YORK FILM ACADEMY	New York City
PRINCETON UNIVERSITY	Princeton, NJ
YALE UNIVERSITY	New Haven, CT
UCLA	Los Angeles, California

in Europe:

SORBONNE UNIVERSITY	Paris, France
CAMBRIDGE UNIVERSITY	Cambridge, England

All workshops are fully awarded and sponsored by the New York Film Academy

the most intensive hands-on program of its kind in the world

8 & 4 WEEK WORKSHOPS START THE FIRST MONDAY OF EVERY MONTH IN NEW YORK CITY

NEW YORK FILM ACADEMY

100 EAST 17TH STREET NEW YORK CITY 10003
TEL: 212-674-4300 FAX: 212-477-1314
WEB PAGE: www.nyfa.com E-MAIL: film@nyfa.com

Facing The Truth

Christians and Jews of America must reach for the courage of Jesus and Moses in order to diffuse the spell of mutual distrust that continues to embroil all of the Children of Abraham.

Their frequently misplaced righteousness and one-sided sense of moral culpability perpetuate the painful plight of every innocent victim in the Holy Land.

America's Christian and Jewish leaders should set aside their concern for political correctness and relinquish the evasive tactics of the past. Unless they take hold of the fast-deteriorating situation in the Middle-East, Israel's self-inflicted isolation and escalating abrasiveness will lead to further suffering and vindictive bloodshed in what was once the land of milk and honey.

مراكش

MARRAKESH
ENTREPRISES

617 New York Avenue, N.W., Washington, D.C. 20001
U.S.A.
(202) 393-9393

Assad, in Paris, Blames Israel for Stalling Talks

Syrian Leader Signals No Change on Golan

By Craig R. Whitney
New York Times Service

PARIS — President Hafez Assad of Syria completed talks with French leaders on Friday without giving any public signal of change in the impasse over Israel's occupation of Syrian territory in the Golan Heights.

Mr. Assad blamed Israel for the lack of progress in Middle Eastern peace talks and praised France for trying to restore the momentum of the talks. The Syrian leader's red-carpet reception by President Jacques Chirac drew fire from critics of Syria's human rights policies and of its own occupation of part of Lebanon.

After two days of talks with Mr. Chirac, Mr. Assad was vague in public about what his state visit here, the first he has made to the West in 22 years, might have done to improve peace prospects in his region. "If there is a peaceful initiative, Syria will be present, but it has to be in accord with our fundamental demands," Mr. Assad said. "As you know, until now there is nothing."

Syria wants a complete withdrawal by Israel from the Golan Heights, a strategic region captured during the 1967 Arab-Israeli war. Syria demands this before discussions about formal relations between the two countries.

In interviews with French newspapers before he arrived, Mr. Assad said he supported continuing American attempts to mediate peace in the region, which he said were based on the idea of peace for territory — peace in exchange for Israeli withdrawals from Arab land in the Golan and in the West Bank.

He blamed Israel's government, under Prime Minister Benjamin Netanyahu, for being intransigent.

"The peace process has been reduced to zero," Mr. Assad said in a speech Thursday night.

France and Egypt have been arguing for a new international peace conference to give fresh impetus to the stalled talks, which began after a conference in Madrid in 1991.

Mr. Chirac, emerging after his second meeting with the Syrian leader at the Elysee Palace on Friday morning, described their conversations as "very positive," but his spokeswoman, Catherine Colonna, said only that Mr. Assad had not rejected the French-Egyptian initiative.

President Assad had lunch with Prime Minister Lionel Jospin separately on Friday and visited the Paris City Hall, where he praised French values.

Many French newspaper and television reports on Syria during Mr. Assad's visit have portrayed him as a repressive dictator who rules his country with little regard for human rights.

The International Federation of Hu-

man Rights Leagues said that Syria was holding at least 2,000 political prisoners, despite Mr. Assad's recent release of a few score dissidents, some held without trial for more than a decade, in advance of this visit.

Serge Klarsfeld, the Nazi-hunting French lawyer who heads a French association of Holocaust survivors called Sons and Daughters of French Jewish Deportees, led peaceful protests against Mr. Assad's visit to Paris, by coincidence on the July 16-17 anniversary of the mass arrest of 13,000 Jews here during the Nazi occupation.

Syria, according to Mr. Klarsfeld and others, shelters the indicted Nazi war criminal Alois Brunner, who ran the main French concentration camp at Drancy from 1943 to 1945.

But Mr. Assad told President Chirac that Mr. Brunner was not in Syria as far as he knew, according to Mr. Chirac's spokeswoman, Ms. Colonna. Mr. Assad promised to give consideration to a request by Mr. Chirac for a formal Syrian response to a French judicial request for information on Mr. Brunner, she said.

Mr. Assad is scheduled to leave France on Saturday.

"It's hard to say from the public statements that Syria got much from this visit," said a Western diplomat whose country is also among those trying to keep Middle Eastern peace efforts going.

Talks Announced in Israel

Israel's defense minister, Yitzhak Mordechai, will meet Mahmoud Abbas, a top Palestinian official, on Sunday to try to break a peacemaking deadlock. Reuters quoted the Israeli Defense Ministry spokesman as saying Friday in Jerusalem.

"In the wake of contacts between Israel, the Palestinians and the United States, it was agreed that there will be a meeting on Sunday," said the spokesman, Avi Benayahu.

"The meeting will be held in Tel Aviv," he said. "Mordechai intends at this meeting to reach understandings with the Palestinians that will allow progress in the peace process. Mordechai believes that all of the sides need to show flexibility."

A Palestinian official, Saeb Erekat, could not confirm Mr. Abbas's participation in the meeting, but said "everything will be determined during the cabinet meeting tonight."

The United States has been mediating between Israel and the Palestinians in 16 months of talks.

Washington wants Israel to withdraw its troops from another 13 percent of the West Bank in return for Palestinian steps to curb militants. Israel has resisted the proposal. The Palestinians have accepted it.



Xanana Gusmao, right, serving 20 years as an East Timor rebel, welcoming Bishop Carlos Ximenes Belo on Friday in a Jakarta jail. The bishop, a Nobel Prize laureate for human rights activity, often visits the prisoner.

Fearing Attacks, Chinese In Indonesia Flee Abroad

Businesses Close Amid Looting and Assaults

SURABAYA, Indonesia — Intimidation, looting and fears of worsening violence have provoked a new exodus of ethnic Chinese from Surabaya, Indonesia's second-largest city, residents here said Friday.

About 300 Chinese crowded the port Friday morning to board ships headed for other countries.

Such departures have been growing for the last week, a Surabaya harbor official said.

One of the ships leaving Friday was sailing to Hong Kong.

Most shops owned by ethnic Chinese are closed. Witnesses in the East Java town of Jember, near Surabaya, said some Chinese-owned shops, warehouses and plantations have been looted.

A witness said that hundreds of people plundered rice fields and shrimp farms near Jember, and a crowd stripped 10 hectares (25 acres) of unopened coffee beans.

Ethnic Chinese at Surabaya harbor asserted they had been the victims of intimidation and they feared a renewal of rioting that ravaged Indonesian cities in May, during which Chinese were the

focus of looting, arson and rape.

The worst rioting then occurred in Jakarta, leaving about 1,200 people dead and the city's Chinatown area badly damaged. Thousands of shops and buildings were set afire.

Tens of thousands of Chinese fled the country in May.

"Prior to the May riots, it was just like this," said Sandra Gunawan, a spare-parts dealer leaving on a boat for Hong Kong. "There were phone calls and anonymous letters threatening unrest. And it came true, didn't it?"

Chinese in the region said they feared there would be violence on July 27 — the anniversary of unrest in Jakarta two years ago — and also on Aug. 17, Indonesia's independence day.

Ethnic Chinese have been traditional targets for violence in Indonesia during times of troubles because of their better economic circumstances. The Chinese — making up less than 5 percent of the total Indonesian population — control much of the nation's economy.

Political analysts say Indonesia needs to regain the confidence of the Chinese community, which has lost billions of dollars in "flight money" to reassure foreign investors and to mend the nation's declining economy.

Exodus From East Timor, Too

Clinging to their most prized possessions, hundreds of people — mostly immigrants from neighboring islands — crowded onto a ship Friday and fled East Timor.

They feared that a commemoration on Friday of the anniversary of Indonesia's annexation of the territory would bring fresh violence. The Associated Press reported from Dili, the capital.

Hundreds of soldiers armed with sticks and rifles patrolled the tense streets of Dili. A flag-raising ceremony outside the main government building to mark the anniversary went ahead peacefully.

Thousands of people have left East Timor in recent days amid worries that independence activists might use the anniversary to demonstrate, touching off clashes with security forces. Since last month, soldiers have killed two protesters during rallies.

Strong Quake Hits Taiwan; 4 Are Killed And 19 Hurt

The Associated Press

TAIPEI — A strong earthquake struck Taiwan on Friday, causing rock slides on a southern mountain that killed at least four people and injured 19.

The quake, with a preliminary magnitude of 6.2, was felt throughout Taiwan and on the coast of mainland China. It was centered about 14 kilometers (8.5 miles) west of Alishan, known also as Mount Ali, about 300 kilometers south of Taipei.

A hotel in the town of Ruifeng on the scenic mountain suffered serious cracks, and four staff members were injured, said Mo Hwei-su, head of the Taiwan Rescue Center.

A landslide buried the exit of a tunnel, killing one person. A driver was killed on a mountain road by a rock slide, and two other people were killed by falling rocks, the Rescue Center said.

A policeman, Tseng Ta-hsi, said mountain roads were blocked and that bridges had collapsed. He said helicopters had ferried about 10 injured people to hospitals. Rescuers were rushing to the mountain areas, where scores of tourists were possibly trapped, he said.

State radio said parts of a railroad line had caved in and that several cars were damaged by falling power poles. Reports said the epicenter was only 500 meters underground, making the local impact very strong.

On the Chinese mainland, 130 kilometers across the Taiwan Strait, an official at the Fujian Provincial Seismological Bureau said the quake "was felt quite strongly along the seaboard." The official, who refused to give his name, said damage was unlikely.

Earthquakes are frequent in Taiwan, but most of them are centered deep under the sea and cause little damage.

Officials said this was the worst earthquake to hit southern Taiwan since 1964, when a quake killed 106 people, injured 650 and buried 10,500 homes.

Court in Singapore Rejects Appeal by Opposition Leader

SINGAPORE — Singapore's Court of Appeal dismissed on Friday an appeal by the opposition leader Jeyaretnam in a defamation case and raised the damages he must pay to Prime Minister Goh Chok Tong.

Mr. Jeyaretnam, the leader of the Workers' Party, also must pay costs, which his attorney had estimated earlier could be as much as \$2 million (Singapore dollars) (\$1.2 million).

The three-judge court, which included Singapore's chief justice, raised the damages to 100,000 Singapore dollars from 20,000.

The court cited errors by the trial judge in the case brought by Mr. Goh. "First, he erred in his finding that there was no express malice on the part of Mr. Jeyaretnam," the judgment said.

"Secondly, he failed to give sufficient weight to some of the relevant aggravating factors. Thirdly, the award of 20,000 dollars is totally inconsistent with precedent cases."

The appeals court said that the ordinary man, having heard Mr. Jeyaretnam's fellow party member Tang Liang Hong vow "to protect his reputation and integrity," and then from Mr. Jeyaretnam that Mr. Tang had filed police reports against Mr. Goh, would conclude that a police investigation would ensue.

BRIEFLY

Argentine Mothers Protest at Videla

BUENOS AIRES — The human rights group Mothers of Plaza de Mayo marched on the house of former President Jorge Rafael Videla on Friday, protesting his transfer to house arrest from prison pending trial for alleged kidnapping.

The 73-year-old former general was taken home late on Thursday following a favorable federal court ruling, in line with a law benefiting prisoners over the age of 70 or terminally ill.

The judges are bigger murderers than Videla himself because they murder our chances of justice," Hebe de Bonafini said outside Mr. Videla's house, where she and 20 others staged the protest. Mrs. Bonafini is the leader of the white-headscarved Mothers.

Judge Roberto Manghi decided this week that Mr. Videla should remain in custody until the trial. The judge suspects him of being "the intellectual author" of the criminal responsibility for kidnapping and hiding children from victims of Argentina's "dirty war" from 1976 to 1983. (Reuters)

Cambodia to Check Election Monitors

PHNOM PENH — The commission overseeing the Cambodian elections is investigating reports that thousands of poll watchers may be closely associated with the ruling party or have bought their way into the monitoring process.

The National Election Committee has asked the Interior Ministry to help determine if people illegally purchased observer cards for the July 26 vote and, if so, how many, a committee spokesman said Friday.

Nearly 60,000 people have signed up to monitor the balloting, enough for five monitors at each of the 11,000 polling stations, and almost six times the expected number, according to the committee.

Newspapers have reported that some of the observers may be loyal to Prime Minister Hun Sen's political party, the Cambodian People's Party, and could help perpetrate vote fraud. (AP)

Dalai Lama Drops Visit to Taiwan

TAIPEI — The Dalai Lama, the Tibetan spiritual leader, said his 10th anniversary visit to the island government had increased contacts with China in the expectation of reopening dialogue, a newspaper reported Friday.

In an interview at Ladakh, a Buddhist region of India's Jammu-Kashmir state, the Dalai Lama told the China Times that he had postponed indefinitely a planned visit to Taiwan to avoid provoking China.

"Our contacts with China have increased in the last few months," he was quoted as saying. "We also have expectations of the Chinese government. That's why I announced an indefinite postponement of my trip to Taiwan." (AP)

For the Record

The Mexican rebel leader Subcomandante Marcos, breaking a four-month silence, has unleashed a virulent attack on President Ernesto Zedillo, saying his economy was "imposed with bayonets, jails and cemeteries." (Reuters)

RECRUITMENT

You will find below a selection of employment offers published in last Monday's International Herald Tribune. For a copy of last Monday's paper, please contact Sarah Worsfold, London: 44 171 420 0326

COMPANY	CONTACT
Corporate Technical Press Relations Manager	STMicroelectronics
• Senior Portfolio Manager	Anne Northcott-Jodden
• Senior Financial Analyst	Human Resources Consulting
Administrative Assistant	UK Tel: 0111 51 35 80
Oil Spill General Manager	P.O. Box 650
Director, Office of Evaluation & Studies	92521 Neuilly-sur-Seine
	Switzerland: +41 22 362 25 21
	Joe LORENZ
	Chevron Overseas Petroleum Inc.
	Room A/4042
	P.O. Box 5046
	San Ramon
	CA 94583-0946
	925-842-2208
	Personnel Division
	Via del Sordani 107
	00142 Rome, Italy

RELIGIOUS SERVICES

AMSTERDAM	WIESBADEN	FRANKFURT
CROSSROADS INTERNATIONAL CHURCH (Interdenominational) Evangelical Sunday Service 10:00 a.m. & 11:30 a.m. Kds Welcomes. De Custerstraat 3, S. Amsterdam Info: 020-641 8812 or 020-641 8553	ST. AUGUSTINE OF CANTERBURY Sun. 10:00 a.m. Eucharist. Frankfurt Str. 3, Wiesbaden, Germany. Tel: 49 (0) 61130 6574	INTERNATIONAL CHRISTIAN FELLOWSHIP: Ev.-Freikirchliche Gemeinde. Soesterstr. 11-15, 60330 Bad Homburg. Sunday Worship. Nursery & S.S. 11:20 a.m. Mid-week ministries. Pastor M. Lavey. Call/Fax: 06173-02728
FRANCE/TOULOUSE	SWITZERLAND	HOLLAND
HOPE INTERNATIONAL CHURCH (Evangelical). Hotel Le Grand Noble, 90, av. de Combarthe. St. Germain. Sunday service 10:30 a.m. Tel: 05 62 74 11 55	EMMANUEL CHURCH, 1st & 3rd Sun. 10 a.m. Eucharist. 2nd & 4th Sun. Morning Prayer. 3 rue du Maréchal, 1201 Geneva, Switzerland. Tel: 41 (0) 22 732 80 78	TRINITY INTERNATIONAL invites you to a Christ centered fellowship. Sunday service 9:30 a.m. (nursery provd) Merts. Wierden, Yvli & Smit Group Ministers. Bloemendaal 54, Wassenaar 070-517-8049
FRANCE RIVIERA/CÔTE D'AZUR	BRUSSELS/WATERLOO	NICE - FRANCE
NICE Holy Trinity (Anglican), 11 rue Balle, Sun. 11:00 a.m. Sunday 10 a.m. 11:00 a.m. Reservations. 9 a.m. Tel: 33 04 93 57 19 53	ALL SAINTS' CHURCH, Eucharist Sunday School 11:15 a.m. Eucharist 1st Sun. 9 a.m., 8:30, chaussee de Louvain, Ohain. Mail: 21, rue Coteau, 1410 Waterloo, Belgium. Tel: 32 (0) 2394 3555	I.B.C. 18 rue Vernier, English service, Sunday evening 18:30, pastor Roy Miller - Tel: (04 93) 24 82 61
FRANKFURT	EUROPEAN BAPTIST CONVENTION	ST. PAUL DE VENICE - FRANCE
St. Leonhard, International Catholic Parish, Alte Mainzer Gasse 8, 60311 Frankfurt. Masses in English: Sunday 5 p.m., Sunday 10 a.m. 11:00 a.m. Tel: 069-225177 or J.Schmidt@em.frankfurt-univ.de	BERLIN	St. Paul de Venice - France I.B.C. Espace St. Claire, Level 01, Bible Study Sun. 8:30, Workshop Sun. 10:45. Tel: (04 93) 24 82 61
ORDERKURSEL/OSTERSTEDTEN	BRATISLAVA - SLOVAKIA	PRAGUE
ST. MARY'S CATHOLIC CHURCH (English Speaking) St. Peterus Canisius Kirche, Am Alten Bach 2, Oberhausen/Oberndorf, Mass Sun. 11:00, Pastor Fr. Bruneau 028 7191 1430 or Church Office 0217 228 03	L.B.C. The Ivanka, Karlova 54, Bratislava 1048, Workshop Sun. 10:00, Tel: (071) 713857	WATERLOO
PARIS and SUBURBS	BRUSSELS	WATERLOO BAPTIST FELLOWSHIP
EMMANUEL BAPTIST CHURCH - 58, rue des Bonnes-Histoires, 92500 Rueil-Malmaison. Service: Sunday, August: 9:45. Coffee hour 11:00. Info Tel: 01 47 51 29 63/01 47 45 15 23 or http://www.gereches.com/Paris/Metro/1322	ST. PAUL'S WITHIN-THE-WALLS, Sun. Eucharist 8:30, Eucharist 10:30, Eucharist in Spanish 1 p.m. Via Napoli 68, 00184. Tel: 39 06 489 3539 or 474 3539	SUN. 12:00 at Swedish Church, across from MacDonalds. Tel: (02) 353 1888
HOPE INTERNATIONAL CHURCH (Evangelical). Hotel Le Grand Noble, 90, av. de Combarthe. St. Germain. Sunday service 10:30 a.m. Tel: 05 62 74 11 55	ANGELICAN-EPISCOPAL COMMUNITY, 1st & 3rd Sunday 5 p.m., in chapel of Luthersheim, Kofel, 24. Tel: 49 (0) 721 283 79 or 49 (0) 721 45 15 59	CHURCH - SWITZERLAND
SAINT JOSEPH'S CHURCH (Roman Catholic). MASS IN ENGLISH: de Christ, P.O. Box 513, St. Louis, Indiana 47501 USA	BRUCKMUEHL (GERMANY)	L.B.C. of Zurich, Gheistrasse 31, 8803 Rüschlikon, Workshop Services Sunday morning 10:30. Tel: 1-4810016
	ANGELICAN-EPISCOPAL COMMUNITY, 1st & 3rd Sunday 5 p.m., in chapel of Luthersheim, Kofel, 24. Tel: 49 (0) 721 283 79 or 49 (0) 721 45 15 59	ASSOC. OF INT'L CHURCHES
	THE CHURCH OF THE ASCENSION Sun. Eucharist 9 a.m., Eucharist Sunday School/Nursery 11:45. Seydewitz, 4, 51545 Munch (Halle/Saale). Tel: 49 (0) 8648 185	GENEVA
	FRANKFURT	EV. LUTHERAN CHURCH 20 rue Verdane, Sunday worship 9:30, in German 11:00 a.m. English. Tel: (022) 3103038
	CHRIST THE KING Eucharist Sun. 9 & 11, Sunday School/Nursery 10:45 Sebastian Ritz Str. 22 60229 Frankfurt, Ger. U1.23 Michael-Allee, Tel: 49 (0) 69550194	PARIS
		AMERICAN CHURCH IN PARIS. Workshop 11:00 a.m. 65, Quai d'Orléans, Paris 7. Bus 63 at door, Metro Alma-Marcousses or Invalides
		ZURICH
		INTERNATIONAL PROTESTANT CHURCH English speaking, worship service, Sunday School & Nursery, Sundays 11:30 a.m., Schanzenstrasse 25, Tel: (071) 252525

CAPRICE AND RONDO

By Dorothy Dunnett.
539 pages. \$27.50. Knopf.
Reviewed by Brian Jacob

AFTER the success of her "Lynceus Chronicles" a six-volume historical series featuring the adventures of Francis Crawford, Dorothy Dunnett embarked on a new series, "The House of Nicolo."

Set in 15th-century Europe during a period of tumultuous changes and filled with a variety of vastly different locations, the series follows Nicholas de Fleury. Ignored as a child and reduced to serfdom, he was rescued by a compassionate Bruges widow, Marion de Charenty. Working in Marion's dyeing and brokering business, Nicholas becomes a highly respected merchant-mathematician and a force to be reckoned with.

"Caprice and Rondo" is the seventh novel in the "House of Nicolo" series. For the benefit of those not familiar with the earlier books, this volume begins with a brief (but illuminating) introduction outlining the events of the previous six novels.

As "Caprice and Rondo"

opens, we find Nicholas, now traveling under the pseudonym of Cola, with the pirate captain Paul Benecke.

It's January of 1474 in the Polish port of Danzig, modern-day Gdansk, the bitter cold made worse by howling winds from Siberia. The port is completely frozen in, and idle hands make for rough sport, wild hunts, heavy drinking followed by uncontrolled debauchery.

Nicholas has escaped to Danzig from Scotland, where he was apparently forced to divest himself of all his business interests after causing the ruin of his family — who had rejected him decades before — and crippling losses to those in power. Now he is being courted and bribed by various parties eager to make use of his brilliant mind.

Nicholas's many talents include ciphering and navigational calculation, mathematics, gunnery, astronomy and music; he is also a master diver.

From the bleak and frozen landscape of Poland in winter, Dunnett suddenly whips away the gloom and sets the reader down in the exquisite setting of Caffa, the Crimean city of Tartars and Christians, with its crystal-blue waters, hanging vineyards, fig trees, cherries and peaches. In Caffa the houses are scented with flowers and the air sweetened by the smell of ripe watermelons.

Nicholas, now in the guise of a Mameluke and accompanied by Countess Anna, the wife of his lawyer, Julius,

comes to Caffa on the trail of gold that belongs to him.

Throughout "Caprice and Rondo" Dunnett interweaves not only the hair-raising adventures of Nicholas but also the tactical and brilliant business decisions of Gelis van Borselen, his estranged wife, who was given the reins of the Banco di Nicolo on Nicholas's departure and who has proved to be equally adept at steering the business on a profitable course.

Another plot thread concerns one of the great mysteries throughout the series: the true story surrounding Nicholas's birth and his rejection by his noble members of the family, who summarily dismissed him as a bastard.

Throughout, Dunnett has planted tantalizing clues; just when you think you have the mystery solved, she introduces another aspect that leaves you reeling.

Passions explode in Dunnett's novels, and not just the passions of lust. A remarkable variety of situations present the reader with complex and volatile imaginations. "Caprice and Rondo" has these qualities in common with the other novels in the series.

Dunnett again displays a brilliance for describing events of great pomp and pageantry, such as a great Pentecost Mass performed in the city of Thorm during a royal visit.

The great square packed with jeweled mitres, cloth of gold and white satin, with golden crosses and high swaying canopies and the

hats and silken shoulders of the nobility.

Another fascinating aspect of Dunnett's writing is her portrayal of vast armies on the move, armies of many nations, vastly different in their battle tactics and maneuverability. Descriptions of armies have formed a part of each of her novels. In "Caprice and Rondo" we are introduced to the amazing sight of the court and army of Uzun Hasan, prince of Persia. "A swaying grove of thirty thousand caparisoned camels, the same number of horses and mules."

Six thousand carriages, cattle, sheep, goats, hunting dogs, falcons and supercilious leopards chained in their carts. Noise was furious and the stench vile. When making camp this huge force stretched 30 miles in circumference.

Dunnett's skill at mixing historical events and personages with fascinating fictive characters provides for high adventure, royal intrigues, war and passion. Always immaculate in her research, brilliant in character descriptions, Dunnett's is a style second to none.

Once again Dunnett has left the reader hanging by a thread as the series draws to a close. If the final chapter of Nicholas' adventures maintains the same dizzy pace, the "House of Nicolo" series will have been a remarkable experience.

Brian Jacob, who writes frequently on historical fiction, wrote this for The Washington Post.

NEW AUTHORS

PUBLISH YOUR WORK
ALL SUBJECTS CONSIDERED
Authors world-wide invited
Write or send your manuscript to
MINERVA PRESS
20LD BROMPTON RD LONDON SW7 3SD

EDITORIALS/OPINION

Herald Tribune

PUBLISHED WITH THE NEW YORK TIMES AND THE WASHINGTON POST

Missile Threats

Since the end of the Cold War, Americans have not had to worry much about a missile attack on the United States. This past week a bipartisan commission concluded that North Korea, Iran and Iraq could obtain long-range missiles significantly sooner, and with far less warning, than current intelligence analyses project. The commission's view deserves serious consideration. But it should not set off a scramble to mount a new, nationwide missile defense system, as many Republicans now advocate.

The panel included missile defense enthusiasts but also several arms control advocates. Its unanimous conclusions flowed from evidence, much of it classified, showing ambitious missile development programs in several nations and extensive Russian and Chinese help to strategic and commercial clients. It also cited widespread availability of old Russian and American missile designs and the ability of some countries to hide weapons development work from American intelligence satellites.

The commission concluded that America could not rule out the possibility that North Korea and Iran might be able to launch long-range missiles within five years and that Iraq might do so in 10 years. The CIA,

which has looked at much the same evidence, suggested that the commission's estimates are based on unrealistic, worst-case assumptions and that with the possible exception of North Korea, no new countries could mount a long-range missile threat before 2010.

Even if the threat turns out to be more imminent, the technology for long-range missile defenses is still experimental. Considerably more testing and evaluation will be needed before a reliable defensive system could be built. The Clinton administration's plan to proceed only with research programs for the next two years is appropriate.

Washington must also be wary of the hidden diplomatic costs of moving directly to construction, even if a workable system is devised.

Doing so would require changes in the 1972 treaty with Moscow that bans most long-range defensive missiles. Treaty changes would have to be negotiated in a way that does not interfere with continuing efforts to reduce Russian and American nuclear arsenals. Russia's thousands of unneeded thermonuclear warheads are a frightening invitation to theft, diversion and accident. America needs to prepare for tomorrow's dangers, but not at the expense of ignoring today's.

—THE NEW YORK TIMES

Philanthropic Boom

The Smithsonian Institution, emerging from a decade of budget pressures, this past week announced the largest corporate gift in its history: a \$13 million donation from the fashion designer Ralph Lauren to preserve and restore the 184-year-old American flag that hangs in the National Museum of American History. The flag, said to have inspired Francis Scott Key during the War of 1812, is one of a list of national treasures highlighted for preservation under the White House's Millennium Program, a largely first lady-driven effort to attract attention and private money to cultural preservation projects in honor of the turn of the millennium.

But the flag gift also reflects a wider trend, the two-way rise of corporate and private philanthropy directed at cultural institutions — particularly museums and universities — since the U.S. financial boom began.

A Chronicle of Philanthropy survey this past week found that corporations reported an 11 percent rise in overall corporate giving this year, following rises of 8 percent last year and 3 percent the year before. Individual gifts, too, have attracted attention, often as stories of unexpected windfalls to particular institutions (such as the story of Mildred and Donald Ohmer, an academic couple in Brooklyn who left \$200 million of a \$800 million estate to Brooklyn Polytechnic University, quinqupling its endowment).

One effect is evident even in places that, like the Smithsonian, long held themselves aloof from logo-plastered

exhibits. Elsewhere, logos, brand names and other tokens of philanthropic largesse now decorate everything from museum exhibits to music and theater programs, invitations to charity functions, and even historical sites. American Express has a program that plows money into renovating sites on the UNESCO world cultural heritage list — complete with logos on site.

Such brand-name philanthropy is nothing new, though it has grown by leaps and bounds as the traditional sources of funding weaken and, in a natural progression, as taboos against corporate labeling lapse. (Frequent visitors to an MCI stadium are that much less likely to have their sensibilities jarred by a Philip Morris dance series at Washington's Kennedy Center.)

And in a climate where the heads of foundations that are the traditional grant-makers were heard to declare a few years back that they saw no prospect of being able to make up for envisioned cutbacks in social spending, arts and humanities, an outpouring of private money can only be welcomed.

Does it fill the gap? The notable feature of the new philanthropy is its idiosyncrasy, its tendency to flow from individuals to whatever charity or institution they know personally. It will be a while before we can figure out whether the new public-private corporate balance comes out to something approximating the overall need.

—THE WASHINGTON POST

Other Comment

Burying the Czar

The remains of Czar Nicholas II were buried in the former imperial capital of St. Petersburg Friday, exactly 80 years after he and his family were executed by their Bolshevik captors.

Nicholas's remains, along with those of his wife, three of his five children and a number of servants, were held in nine miniature oak coffins. The royal rites were decided upon seven years ago by President Boris Yeltsin as an act of reconciliation with Russia's past.

But the funeral fell short of what any self-respecting emperor has a right to expect. Few of those paying their final respects would make any social arbiter's A-list. The funeral also was boycotted by Patriarch Alexei II of the Russian Orthodox Church, traditionally a loyal supporter of the monarchy. A local cleric conducted the ceremony.

The church is unhappy with the funeral because it says it doubts the accuracy of the DNA tests that identified Nicholas and his family members, whose bodies were burned and doused with acid. The Communists, still a powerful political bloc, see the ceremony as a dark plot to discredit the country's Soviet period.

Russian émigrés who are loyal to the monarchy smell a different kind of plot, as does the Orthodox Church Abroad, which split from the Moscow

church after the revolution. The Orthodox Church Abroad has accused the Moscow church of collaborating with the Communists during the Soviet era. It sees the funeral as a trick by Mr. Yeltsin and other former Communists to curry popular support by bolstering their nationalist credentials.

That Nicholas died tragically is obvious. That he was responsible for bringing untold tragedy to Russia is also true.

Reactionary in outlook, committed to maintaining autocracy, vacillating in character, he lacked the sense to recognize that Russia was sliding toward revolution, propelled in no small part by his own inept policies. In a famous letter to the czar in 1902, Leo Tolstoy warned of the "great evil you will bring to yourself and to millions if you continue on your present course." Nicholas ignored the advice. He plodded on, until the cataclysm of World War I ended the 300-year-old Romanov dynasty and brought to Russia radical and brutal change from which it is still trying to recover.

Some see Nicholas as a martyr of the Russian revolution. Certainly he was the most notable of its victims, but certainly, too, he and those who ruled and repressed in his name bear inescapable responsibility for helping make that upheaval unavoidable.

—Los Angeles Times

Beware Monotheism When It Comes to the Market

By Robert A. Levine

VAISON-LA-ROMAINE, France — Like most gods, The Market, which will start the new millennium as the world's economic deity, has a complex personality. We had best understand it before breaking all other idols. Monotheistic economic worship can drive the world to disaster.

To begin with, like the Roman god Janus, the market has two faces, the free market and the global market. Beliefs about the free market have real religious aspects: it is a state of grace to be aspired to. Its acolytes treat it as the only true god, but it fits better into a pantheistic array. The global market is not so much an aspiration as it is a constraint on other aspirations. Both are more limited than worshippers believe.

Adam Smith contended that the free market provides the most efficient mechanism for allocating resources — labor, capital, materials — to the production of goods and services, and goods and services to the satisfaction of peoples' wants. It works better than systems in which public authorities dictate prices, quantities and mixes of products.

Smith was right: Any doubts have been dispelled by the abysmal failures of planned economies from East Germany to North Korea to Central Africa. Free-market efficiency is essential for overall prosperity and economic growth.

It is a limited truth, however. For one thing, the ideal of overall prosperity must be balanced against the sometimes conflicting ideals of "fair" distribution of the fruits of this prosperity

among people and nations, and of balance between privately used products and publicly shared goods and services such as defense, clean air and education. Further, although the free market is necessary for continuing growth, it is not the only necessity.

Theoretical free markets distribute income to the suppliers of labor, capital and other resources according to the contributions these make to production. This may be considered fair, and if it is the argument ends there.

That definition of fairness is not based on economics, however, although some economists simply assume it. Fairness is defined by moral consensus. And real-world free markets distribute incomes very unequally, a distribution defined as unfair by the consensus in most nations. If so, democratic policies — in themselves a kind of market — have the right to change the distribution through taxes and benefits, even though that may reduce total national product.

Focus on income distribution is one reason for high unemployment in Europe, just as focus on national totals is one reason for abject poverty for some Americans.

In both cases the trade-off between total product and its distribution is a subject for political debate, not economic fiat. So is the trade-off between private consumption and things that must be publicly produced and shared like defense and perhaps education,

as well as shared costs like smog.

Further, history shows that free markets produce uneven growth over time, a bumpiness that brought about the Great Depression as well as many lesser depressions. The two greatest economists of the 20th century examined these problems. John Maynard Keynes contended that public intervention, including budget deficits, could help cope with unemployment; the failure to attempt such intervention is another reason for European joblessness. Joseph Schumpeter showed that economic growth results from waves of technological innovation, and waves have troughs as well as crests.

We may now be on the rise of an information/electronic revolution-based wave. At some point we will go over the top and start down. Schumpeter believed that the free market encouraged such growth, but he detailed the costs in terms of "creative destruction" on the up as well as the down sides.

"But," many who accept this reform version of the free market religion argue, "the market has become global. Flows of capital and information cannot be controlled; cheap labor in underdeveloped countries will inevitably substitute for expensive labor in the wealthy West. We cannot control the workings of the world market even if we want to."

For poor countries, this is close to an absolute truth, as the economic inability of Southeast Asia to resist the global market shows. But the argument does not extend from the poor and small to

the large and rich. The United States can resist — at a cost.

We can preserve jobs in the automobile industry at the costs of jobs in export industries and of higher prices for American car-buyers, and there may be valid social and political reasons for doing that. We can cease depending on foreign savings for a large portion of our investment in capital equipment; we will then have to save more and consume less ourselves. It will not drive us into poverty; it will merely slow us down. We can make such choices.

The same will be true for Europe if monetary union enables it to get its act together. It may be true for Japan: Economists otherwise dedicated to the free market urge Japan to depend more on its own consumption and less on the global market. Neither Southeast Asia or Russia has such choices; the West must choose how much to add them. Not helping may result in misery, further drag of the global market on our economies and instability, particularly worrisome in a nation with thousands of nuclear warheads. Nonetheless, it is a choice.

Economics presents no absolutes. The free market is a central mechanism; the global market plays a constraining role, within which many political choices will be made. But there is no one god.

The writer was deputy director of the U.S. Congressional Budget Office from 1975 to 1979. He contributed this comment to the Herald Tribune.

To Avert Calamity, the U.S. Must Help Japan Reform

By Clyde Prestowitz

WASHINGTON — To the amazement of everyone, possibly including itself, the long-neglected and downgraded Japanese electorate sent a loud, unexpected demand for change to its political leaders by handing the ruling Liberal Democratic Party a resounding defeat in elections for the upper house of the Diet.

The message could not have come at a more crucial moment. With the continuing Asian economic crisis pushing hundreds of millions of people around the Pacific back into poverty, Asia and much of the rest of the world are teetering on the brink of a kind of calamity not seen since 1930.

Making up more than two-thirds of total Asian gross domestic product, Japan could be an engine of growth along with the United States to help pull Asia away from the edge. Over the past several years, however, stagnation and policy dithering in Japan have only exacerbated the problem.

Staggering under a mountain of bad loans, Japanese banks have cut their lending to the rest of Asia, while Japanese importers have reduced their buying. At the same time, a steadily weakening Japanese yen has made Korean, Taiwanese and other Asian exports less competitive in world markets and

nearly triggered a potentially disastrous Chinese devaluation just before President Bill Clinton's trip to Beijing.

Joint U.S.-Japanese intervention in the foreign exchange markets to support the yen stopped its slide and bought a "window of opportunity" for introduction of new measures to revitalize Japan, and through them the rest of Asia.

Now the question is whether Japanese leaders will heed their public and act boldly before the window shuts and a further slide of the yen triggers a total meltdown in Asia and possibly the rest of the world.

While the decision of Japan's voters last week is a welcome change, it ironically creates uncertainty and the possibility of delay of important reforms as the LDP vacillates in choosing a new leader. Therefore it is important that the United States and other countries move quickly to reinforce and elaborate the message of the Japanese electorate.

As soon as a new Japanese leader is chosen to replace departing Prime Minister Ryutaro Hashimoto, President Clinton should invite him for a quick holiday consultation in Hawaii. The administration should reiterate that Japan must take immediate, bold steps to restore

the health of its banking system, to stimulate its economy by regenerating consumer spending and to discourage further devaluation of the yen.

For the past several years, Japan's sick banks have been strangling the economy by cutting back on lending in an effort to repair their balance sheets and maintain capital adequacy.

Recently announced plans for a government-orchestrated "Total Plan" to take over and dispose of bad loans and possibly close insolvent banks while maintaining lending to creditworthy borrowers have been greeted with skepticism, because the criteria for separating the good from the bad were vague, while the announced two- to five-year time frame seemed entirely too long.

In short, it looked too much like the same old thing.

To prove they mean business, Japanese leaders must spell out the criteria to be used in judging which banks should be closed, and they must aim to complete the cleanup in six months. They also must pass legislation to ensure that Japanese depositors are guaranteed against loss.

To stimulate the economy, Japanese leaders have focused strongly on increased public works spending. Although gen-

erally rife with corruption and inefficiencies, such spending may be helpful in current circumstances and should be carried through as quickly as possible.

This does not, however, address the problem of the extremely low level of consumer spending, which is a striking aspect of the current Japanese malaise. Although there has been talk of an income tax cut as a possible remedy, such a reduction would have only a limited effect because the vast majority of Japanese currently pay little or no income tax. What is really needed is a revamping of the tax system away from the taxation of consumption.

The United States should urge Japan to consider quick abolition of its consumption tax, along with revision of land-use restrictions and the introduction of mortgage-interest deductibility to stimulate buying of new homes and accompanying appliances and furnishings.

While all this is aimed at jump-starting the Japanese economy, long-term health can be regained only by thorough deregulation and deceleration of Japan's business structure. Concrete steps to achieve such reform must be spelled out now.

Weakening of the yen arises partly from bearish expectations and partly from the fact that Japanese sav-

ers and investors can earn far more abroad than the half-percent interest now being paid in Japan. With any luck, the above measures will ameliorate further downward pressure on the yen, but the United States should agree to consider further joint exchange market intervention while reform takes effect.

Japan also could pursue voluntary restraint of exports that compete with those of other Asian countries to prevent further pressures on them.

Finally, the U.S. president and the new Japanese prime minister should call for an immediate extraordinary meeting of leaders of the Asia-Pacific Economic Cooperation forum to launch development of an Asian recovery plan that could be announced at the fall APEC leaders' meeting.

Such a meeting should include the International Monetary Fund and the World Bank and should focus on methods of providing greater stimulus to APEC's hard-hit economies.

Fifty years ago, the Marshall Plan was developed to save collapsing Europe. Now something equally bold is needed to rescue Asia.

The writer, president of the Economic Strategy Institute, contributed this comment to The Washington Post.

Immigration: America's Cure for the 'Birth Dearth'

By Charles Krauthammer

WASHINGTON — For decades now, the prospect of world overpopulation — and the impoverishment, resource depletion and ecological damage associated with it — has dominated our nightmares and permeated our politics. Population control, particularly Third World population, is something on which we all reflexively, vaguely agree. We may argue over whether abortion should be included among the means to achieve it. But the end — fewer mouths to feed — is not in dispute.

Maybe it should be. A startling and unjustly overlooked article by Nick Eberstadt in the Public Interest (Fall 1997) explodes the conventional wisdom. Drawing on the United Nations' 1996 report "World Population Prospects," Mr. Eberstadt finds a quite plausible scenario that shows world population stabilizing in 40 years at 7.7 billion (it is just under 6 billion today) and, even more astonishing, declining thereafter.

This scenario posits no war or epidemic or other scourge to do the job. It simply assumes that today's radical decline in fertility worldwide continues. And radical it is. In the developed nations, the rate has fallen from 2.8 children per woman in the early 1950s to 1.5 today. In the less-developed nations, it has fallen from 6 to just under 3.

In America, where full-page ads for ZPG (zero population growth) still grace the tonier political magazines, awareness

of this historic change has been slow in coming. It has taken a while for Ben Wattenberg's warning about "The Birth Dearth," the name of his 1987 book on the dwindling population of the West, to take hold. On July 10, however, it received the imprimatur of The New York Times in a front-page article highlighting the unprecedented population implosion now taking place in Europe.

Not a single country on the Continent has a fertility rate high enough to maintain its current population. Italy, for example, is now the first nation ever with more people over 60 than under 20. In Bologna, there will soon be 25 people over 50 for every child under 5.

Mr. Eberstadt estimates that in 1900 the median age in the world was about 20. In the mid-21st century it will be about 42. And in such countries as Japan, Italy and Germany, the median age will be in the mid-50s.

Result? Social disaster: children with no blood relatives but their parents; no brothers, sisters, aunts, uncles, cousins. Historic disaster: countries losing half their population every two generations. And economic disaster: not enough working young people to pay the pensions of the old.

And while Europe is committing suicide, what happens to the United States? Here in America the fertility rate is barely at replacement level. But we are saved — by immigration.

Immigration is a lifesaver not just for bulking up our numbers. (And raw numbers matter: You can have the highest per capita income in the world, but if you've got no capita, you've got no income.) It illuminates one of the great paradoxes in American life: How is it that our schools are consistently among the worst in the developed world and yet we lead the world in science and technology and research and develop-

ment in just about every field? The answer is simple. We import many of our best brains. Walk down any corridor in the laboratories of the National Institutes of Health, for example, and you will meet the best young minds from every corner of the globe. And many of them stay. Indeed, our computer industry is now begging Congress for an increase in the quota of skilled immigrants to cover our huge shortfall in high-tech workers.

The anti-immigrant demagogues warn that immigration is the road to Balkanization. They are wrong. At the start of this century there were (as a percentage of the population) 50 percent more foreign-born U.S. residents than there are today. And yet the Irish and Italians and Jews and Poles and Chinese and Japanese of that immigrant wave assimilated so remarkably into the American

mainstream that today they are the American mainstream.

The problem today is not unassimilable immigrants but an American educational elite that, in the name of ethnic authenticity and multiculturalism, would like them to be unassimilable. Hence the imposition of such devices as bilingual education — a euphemism for slighting and delaying English instruction — that not just celebrate but perpetuate ethnic separatism.

California's Proposition 227, effectively abolishing bilingual education, marks a welcome resurgence of American common sense. Immigrants are our future. We owe a duty to them, and to ourselves as a nation, to make them American as quickly as possible. We had better. Immigrants are the magic cure — the American cure — for the birth dearth.

Washington Post Writers Group.

IN OUR PAGES: 100, 75 AND 50 YEARS AGO

1898: Shanghai Riots

HONG-KONG — Serious rioting is taking place in the French settlement at Shanghai, consequent on the closing of the Ningpo joss house. All the available men from the French cruiser *Blanchet* landed, with four machine guns, and the volunteers, police and firemen were on duty all night. Several Chinese were killed and wounded, and several foreigners were hurt by stones.

1923: Radical Wins

PARIS — [The Herald says in an Editorial.] The election of Magnin Johnson to the Senate is of tremendous political significance. The candidate of a new radical party, a party saved from adopting the Moscow brand of communism only by a schism within the Moscow element, Johnson has beaten the two older parties in Minnesota. That a third-party can-

didate should beat the candidate of President Harding represents a political revolution. This radicalism is a new kind of inspiration from the Moscow experiment.

1948: Two Koreas

SEOUL — The constitution for all Korea was signed, but Korea remained divided between the Russian and United States Occupation Zones. Chairman Syngman Rhee, of the South Korean Assembly, signed the document offering the first self-rule in Korea's 4,000-year history. But for the present, the constitution applies only to American-occupied South Korea. The Russians denied a United Nations commission entry into their North Korea Zone to observe an election; they announced formation of a North Korea "people's" government with its own constitution.

Herald Tribune

ESTABLISHED 1887

KATHARINE GRAHAM, ARTHUR OCHS SULZBERGER
Co-Chairmen of the Board

PETER C. GOLDMARK JR., Chairman and Chief Executive Officer

RICHARD WOOLDRIDGE, President and Chief Operating Officer

MICHAEL GETTLER, Executive Editor

WALTER WELLS, Managing Editor • PAUL HORVITZ, Deputy Managing Editor

KATHARINE KNOX and CHARLES MITCHELLMORE, Deputy Editors • SAMUEL ABT and CARL GEWIRTZ, Associate Editors • ROBERT J. DONAHUE, Editor of the Editorial Pages

JONATHAN GAGE, Business and Finance Editor

RENÉ BONDY, Senior Vice President and Chief Financial Officer

DIDIER BRUN, Circulation and Development Director

STEPHEN DUNBAR-JOHNSON, Advertising Director

Directeur de la Publication: Peter C. Goldmark Jr.

International Herald Tribune, 181 Avenue Charles-de-Gaulle, 92521 Neuilly-sur-Seine, France.
Tel: (1) 41.43.90.00. Fax: Subscriptions, (1) 41.43.92.10. Advertising, (1) 41.43.92.12. News, (1) 41.43.93.38.
Internet address: <http://www.ihd.com> E-Mail: ihd@ihd.com

Editor for Asia: Michael Richardson, 3 Conventry Rd., Singapore 119000. Tel: (65) 472-7168. Fax: (65) 274-2334

Mtg. Div. Asia, Terry Dwyer, #101, 191 Ann Road, Hong Kong, Tel: 852-2922-1188. Fax: 852-2922-1190

Gen. Mgr. Germany: T. Schiller, Friedenstr. 15, 68223 Frankfurt, Tel: +49 69 971290-0. Fax: +49 69 971290-30

Pres. U.S.: Ann Blomberg, 850 Third Ave., New York, N.Y. 10022. Tel: (212) 752-3800. Fax: (212) 752-8785

U.K. Advertising Office: 63 Long Acre, London WC2E 9LT. Tel: (171) 836-4802. Fax: (171) 240-2254

S.A.S. au capital de 1.200.000 F. RCS Nanterre 8 732021126. Commission Paritaire No. 61337

ART

Hidden Gems Among the Dutch Masters

By Souren Melikian
International Herald Tribune

LONDON — An extraordinary occurrence at Sotheby's recently went almost unnoticed. A charming still life signed "J.R. Le Blon," dated 1720, sold for a modest \$2,175 (\$8,445). No one had heard of "J.R. Le Blon" and this is what makes the occurrence remarkable: That a competent painting should be signed by a hitherto unknown artist, apparently Dutch (of Huguenot extraction?), says a lot about the potential for discoveries in the field of Old Master paintings.

Other previously unrecorded pictures could be seen in Sotheby's July 9 sale. An interesting composition by Jan Mortel had the sculptural precision often found in the best of Dutch still life painting in the late 17th and early 18th century. The art of that period, alas, is easily overlooked. The Mortel remained unsold at \$29,000.

Most interesting for their novelty were two landscapes from another overlooked period, the last two decades or so of the 18th century and the opening years of the 19th century. It suffers from the disregard affecting Dutch painting of the 18th century as a whole.

But if works executed until the 1770s were frequently derivative, a radical transformation came about during the later phase, which has yet to be recognized. Extreme attention was brought to small detail and greater care taken in giving landscapes a truly "natural" appearance. The rendition of light became more intense and crisper. The finest landscapes thus have a curiously hyper-realistic touch.

The artists' names still mean little and prices can be very low. The most striking case was that of a landscape done by Johannes van Drecht (1737-1807) in 1783. A country lane winds around a clump of oaks seen in the glare of a storm that threatens to come. Beautifully preserved, the previously unrecorded picture will be seen as a seminal work painted at the height of the artist's maturity, the day a monograph does justice to his oeuvre. It cost a minimal \$4,600.

If an unusually large view of the Roman Campagna by Hendrik Voogd did not suffer such indifference, this was due to special circumstances. The 118.5-by-112-centimeter (46.5-by-44-inch) picture was acquired directly from the artist in Rome in 1803 by an ancestor of the old, aristocratic Krug von Nidda family and holds an important place in the history of German art collecting.

Voogd, all but forgotten today, was a fascinating character. Born in Amsterdam in 1766, he was already admired by the leading Dutch connoisseurs of the

day when he left in 1788 for Rome, never to return. In Rome, the Dutchman congregated with German artists and became friends with then famous painters, such as Joseph Anton Koch. To rich German Grand Tourists he was known as "the Dutch Claude Lorrain." There is indeed a faint touch of Claude's influence in the work, but the feeling is different.

Closer to nature, receptive to picturesque elements, it is much more dramatic in its light, thereby betraying the impact of the Romantic movement. The Dresden school of painting and its parallel development in Munich soon reflected the impact of Voogd and other contemporary Dutch painters. Voogd's picture is a major document in art history that will sooner or later grace some museum. The \$100,500 it fetched at Sotheby's, tripling the high estimate, will then seem very reasonable.

Discoveries of a different order turned up at Christie's on July 11. Rachel Ruysch (1664-1750) was the first great woman painter in European art whose oeuvre can be followed in detail through a fairly large number of still lifes. The Christie's sale included a previously unrecorded gem, possibly dating from the 1720s. Each blossom and plant is painted for its own sake in a sparse and strongly knit composition. The intense artificial lighting, inherited from the Caravagesque movement, gives it a dazzling quality. The Ruysch exceeded all hopes as it rose to \$276,500.

Not all discoveries are expensive, particularly not those that raise unanswered questions. One of the most intriguing works at Christie's was a Flemish imaginary landscape done in the early 17th century. The excuse for the view is a tiny Saint Christopher seen wading through a river in the distance under the lurid light of the full moon. Painted in shades of brown and milky white, in apparent imitation of drawings in sepia wash heightened with white gouache, the small panel provides only one clue to its origin and, perhaps, authorship, an inscription in capital letters, "TA'FIN," painted in the lower left corner. It has yet to be interpreted, a task that must be left to the inspired buyer who got the panel for \$6,500.

Discoveries such as this may be commercially unimportant, but they are the pepper and salt of Old Master sales. Novelty coupled with the high quality of the art still available makes the field irresistibly attractive to those who have the money to operate at the top of the financial scale. Some wonderful pictures could be bought on Friday for a fraction of what Impressionist paintings of comparable quality would cost. Jacob Ruysdael's landscape, with its



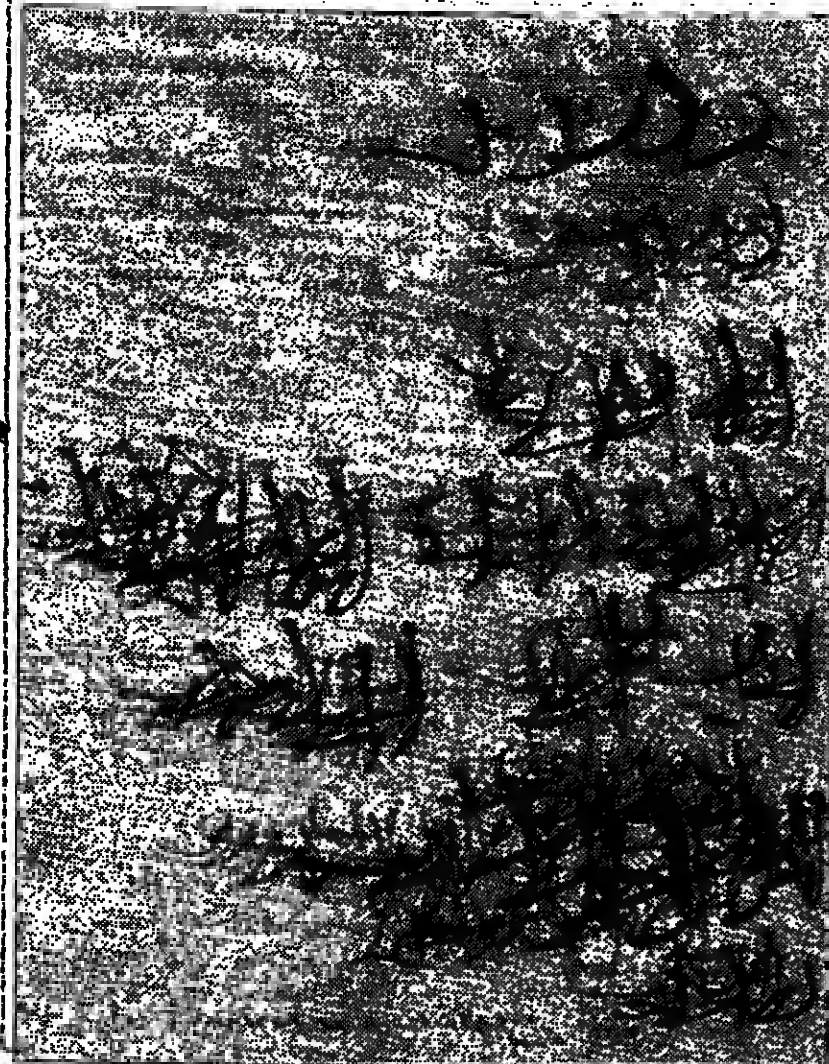
Interior of a house, painted by Jacobus Vrel, a contemporary of Vermeer.

admirable layered composition modulated by light, brought \$661,500. It may not retain its erstwhile bloom, but it is a great work by a great master. In a decorative line, Willem van Aelst's still life, dazzling for its mastery, was bought for \$573,500, double the high estimate, betraying growing awareness among informed buyers that supplies will not last for ever.

For the time being, first-class acquisitions can still be made for less than \$100,000, even in such well-trodden venues as Dutch school painting. An exquisite riverside view in lovely nuances of turquoise and ultramarine blue preserved in their pristine freshness thanks to the support, copper, rated among the most delightful discoveries in the July 11 sale. Signed with Herman Saftleven the

Younger's monogram and dated 1663, the view is situated at Linz am Rhein by a period inscription in the back. At \$78,500, it was worth every penny.

For the same price, one could also buy one of only 38 pictures considered to be from the hand of Jacobus Vrel. Not much is known about this contemporary of Vermeer. Like the famous Delft master, Vrel painted carefully composed interior scenes in a delicate light in which solitary characters are lost in meditation. In the Christie's picture, an elderly woman is heavily seated in front of a fireplace, in the cool morning light coming in through a high window. It is an image of silence and dignity, a deeply religious painting without a religious subject — not the kind of art that lends itself to slick sound bites. But, then, great art rarely does.



Gysin's "Les Chansons de Marrakesh/Les Chans de Marrakesh," 1959.

Gysin Goes Home To 'Nowheresville'

By Kathryn Shattuck
New York Times Service

EDMONTON, Alberta — "He just thought it was awful, nowhereville," William Burroughs said of Edmonton, the boyhood home of his great friend and collaborator Brion Gysin. Indeed, when a 16-year-old Gysin boarded a cattle car and headed east, he left behind this land of his "exile" and never looked back.

But the memories remained. As Gysin emerged as a creative force, he invoked, as if haunted, the vast horizons of the Canadian prairie in his early Surrealist paintings and later descriptions of the Sahara and in his prose works, perhaps most significantly his autobiographical novel, "The Process." Gysin died in Paris in 1986 at the age of 70, the places of his childhood by then no more than fragmented dreams.

Edmonton is no longer nowhereville. The cattle town of 38,000 that Gysin fled in 1931 has exploded into an urban center just shy of one million, brimming with oil wealth and maintaining a sturdy intellectual life. Though Gysin shunned this "wrong place" that pummeled away at his psyche, the city is embracing Gysin as a native son with the first major North American retrospective of his works, at the Edmonton Art Gallery through Aug. 31.

The show, "Brion Gysin: I Am That I Am," examines the output of a painter, writer, sound poet (in which words are chanted), tape composer, lyricist and student of magic who became a cult icon not so much for the impact of his works as for the scope of his ideas. The exhibition traces Gysin's career over 50 years: his involvement in Surrealism in Paris in the 1930s, his painting in Tangier in the 1940s, his development of the "cut-up process" with Burroughs at the "Beat Hotel" in Paris, his calligraphic abstractions in the 1960s and later his photo and text collages, which he laid over grids created by a rubber roller.

Nestled among the 200 works is a Dreamachine, a device that when viewed with the eyes closed is reputed to produce alpha waves that hit the optic nerve and induce visions. On the back wall of the main gallery hangs the show's undisputed centerpiece, "Calligraphic Fire," an enormous calligraphic painting in the style of a Japanese makemono, or folding book, which is read from right to left across 10 canvases. It was Gysin's last work; Burroughs wept at the sight of it.

Organized by Bruce Grenville, a curator originally with the gallery and now with the Vancouver Art Gallery, and Jose Perez Kuri, an independent curator who also works with William Burroughs Communications in Lawrence, Kansas, the exhibition borrows heavily from the collections of the Musée d'Art Moderne, the Pompidou Center and the Galerie de France in Paris, as well as the Los Angeles County Museum of Art and the Spencer Museum of Art at the University of Kansas in Lawrence. It is scheduled to travel to galleries across Canada; negotiations are also under way for venues in Mexico City, Los Angeles and New York.

The seed for Gysin's repatriation was planted by John Geiger, an Edmonton writer who first came across Gysin's name — and an allusion to Alberta — in 1991 in works by Burroughs and Paul Bowles. Stunned by his discovery, Geiger confirmed the Edmonton connection through a friend, Chris Cran, a painter from Calgary and a Burroughs fan himself. Geiger then contacted James Grauerholz, Burroughs's companion and manager, hoping simply to acquire a piece of Gysin's art. By the end of the conversation, he had been persuaded to write Gysin's biography and invited to meet Burroughs, who gave the project — and Geiger — his blessing.

Gysin, born in England to Canadian parents in 1916, returned with his newly

widowed mother to her parents' home in Ontario at the end of World War I, eventually journeying to Edmonton in 1921. His mother, a dominating woman, fearing them to be "the breeding ground for atheism" and concluding that "his only hope of salvation was the English Catholic atmosphere." She arranged for him to spend two years at Downside, an English public school.

Gysin became an artist upon graduating in 1934. That same year he moved to Paris, where he was an associate of Picasso, Dali, Duchamp, de Chirico, Man Ray and Max Ernst, who were all dabbling in Surrealism at the time.

South African Festival Seeks a Fusion Theme

By Donald G. McNeil Jr.
New York Times Service

GRAHAMSTOWN, South Africa — Africa's premier arts festival, 24 years old this year, is having a little trouble defining itself.

The Grahamstown Festival, which ended Sunday, was founded as a fortress of the English language when professors of English and politicians feared that the Afrikaner nationalists in power would subsume their tongue. It started life as a Shakespeare festival, but now presents the country's — and sometimes the continent's — best in jazz, classical music, film, theater, opera, dance and visual art.

Paradoxically, the fastest-growing festival in South Africa is the much smaller, 4-year-old Oudstroom Festival, in an ostrich-farming town not far away. It was founded to celebrate the Afrikaans language, which Afrikaners fear will fade away.

Balkanization of the arts isn't a serious threat because virtually every

the one the festival had hoped would emerge, the tentative fusion of two very disparate South African cultures — black and white.

The festival's most coveted ticket was to "Ipi Zombi" by Brett Bailey and his Third World Bunfight troupe, a musical so far off Broadway that it is conducted around a fire in an abandoned power station before an audience spouting on milk crates.

Bailey is a young white South African given a grant by Standard Bank, the festival's chief sponsor, to build a theater troupe in Grahamstown's black township. Before that, festival participation by blacks in the area was limited to guarding parked cars, waiting tables and singing and dancing on street corners for pennies.

Bailey's text comes from a real event. In 1995, 12 schoolboys were killed in a bus crash, and a rumor spread that 50 naked witches beside the road had caused it. Mass hysteria spread, and in the next three months two local women were "sniffed out" as witches and murdered; many more were forced to flee.

The Bailey-Bunfight production led to a tempest in the festival's in-house paper, which is produced by Rhodes University journalism students, but dragons the country's top critics into writing and editing.

The first review called it "a work of genius." An angry response from a critic for The Sowetan called Bailey a racist. A Rhodes student counterattacked, calling the play "a true picture of African spirituality."

Because professional theater in this country was long made by whites for white critics, the paper's editors were relieved to have three black critics in the fight, which then split along a new South African schism, urban black sensibilities versus rural ones.

Bailey shrugged off the dispute, saying: "We live in an ideological minefield. No matter what step you take, you get into conflict."

"Look," he added, "the festival's Young Artist of the Year is a black guy working with white classics, and he's being hailed."

He was referring to Bongani Ndodana, a 22-year-old classical composer whose oratorio "Uzambo: The Pilgrimage" was one of the festival's most heavily publicized events. Ndodana's work was based on the epic poem "Pilgrimage to Dias Cross" by C. M. R. Butler, the 80-year-old professor of English at Rhodes University who founded the festival.

Next year, for its 25th anniversary, the festival will take fusion even further, lengthening its run to two weeks and spending a bigger budget to bring in artists from all over Africa.

Artists try to merge disparate cultures — black and white.

educated person speaks English. That leaves Grahamstown more grand dame than guerrilla, but it clearly reigns, with 400 works performed up to 5 times each in 11 days.

Artistically, it was at its hottest in the 1980s when it was full of anti-apartheid theater. The police attended plays but never shut any down in this remote town around Rhodes University, where white liberals could be left to shout slogans. . . . other. That way the government, at that banned books and censored newspapers could boast that free speech was alive.

In attendance, Grahamstown's biggest year was 1996. Now there is a sense that the festival, lacking the camaraderie produced by linguistic or political threats, is groping for a theme.

South Africa's artists are sick of the question: What are you going to write about now that apartheid is dead?

In fact, the answer has been emerging for a while. Formerly taboo subjects like gay and lesbian love are common. Crime, in a country where political violence has given way to hijacking, murder and rape, is a popular topic. And last year there were two major dramas about the Truth and Reconciliation Commission.

But the theme clearly on the rise is

ARTS

ADRIANO RIBOLZI
ANTIQUAIRE
MONTE-CARLO

is pleased to announce the
Exhibition
"Peintures Italiennes du
XIVème au XVIIIème siècle"

from July 18th to Sept. 30th 1998
in his new galleries
3 & 7, Avenue de l'Hermitage
MC-98000 MONACO
Tel: +377-97970377
Fax: +377-97970378

HARRY FANE
wishes to purchase old
CARTIER

objects:
diamond, platinum cases, powder boxes,
desk accessories, photo frames, etc.

Please contact:
OBSIDIAN, London
Tel: 0171-498 8606 Fax: 0171-498 8584

For a Free copy of
The International
Herald Tribune
Art Guide

a compilation of galleries,
museums, auctioneers.
In Paris write to:
Enza Lucifora
International Herald Tribune
181 avenue Charles de Gaulle,
92521 Nanterre Cedex, France
In New York write to:
Adele Grossman
International Herald Tribune
350 3rd Avenue - New York 10022

International Herald Tribune ads work

The Joy of Art

GALERIE THOMAS
Museumstraße 25
D-10558 Munich
T +49-89-22 27 41
F +49-89-22 27 44

PARIS 6-75053
L. de la rue de la Harpe
91 rue de la Harpe
75005 Paris
T +33-1-47 78 11 11
F +33-1-47 78 11 12



The most important Art Event in Germany

The 43rd Munich Art Fair is a fascinating artistic experience. Leading art dealers from Germany and abroad present objects of highest quality in an exclusive setting. The fair concentrates on paintings, sculpture, art of the 20th century, furniture, crafts and objects from all over the world. All objects exhibited are submitted to strict quality conditions by a jury.

Die
43. Kunst-
Messe
München

October 24 to
November 1, 1998
Fair Grounds Munich

Classique et merveilleux
FRANCIS PICABIA

Galerie Beaubourg
Château Notre-Dame des Fleurs - Venise



The Mona Lisalon is the only place in Paris where
Mona Lisa is not considered as a dead museum object.
Bi- and tridimensional cards, posters and the MONA LISALBUM.
Also have a look at our albums about African sculptures.

MONA LISALON, 180 rue St. Martin, Paris 3, Tel. 01 40 29 46 86

INTERNATIONAL

Peace Park Will Honor The Fallen at Gallipoli

Turks Plan a Monument to Reconciliation

By Stephen Kinzer
New York Times Service

GALLIPOLI, Turkey — Here at the place where a half-million men fell during one of the fiercest battles of World War I, the Turkish government is planning to open a peace park dedicated to the memory of the dead and the ideal of reconciliation.

During the grim days of 1915, when this spit of land was being soaked in blood, it must have seemed inconceivable that the place would ever come to symbolize anything besides carnage and the waste of young lives. But the recent announcement that a Norwegian team had won an international competition to design the new park crowns more than 50 years of growing friendship among the nations whose soldiers died here.

"The Norwegian entry is very subtle," said Raci Bademli, a professor of urban planning at Middle East Technical University in Ankara, who coordinated the design competition. "It is not intrusive, and does not include any large buildings. Instead it is based on footpaths that take visitors around the site and create a kind of story for each individual. There will also be small niches that give visitors a chance to think or speculate or reflect on what they are seeing and what it means for the idea of world peace. Everything is in harmony with the existing topography."

Professor Bademli said he was pleased that a Norwegian team had won the design competition. Because Norway was not involved in the Gallipoli battle, he said, Norwegian planners would come to the project without national preconceptions and would be drawn to the universal aspects of the tragedy that was played out here.

The Gallipoli Peninsula was declared a national park in 1973, but since then a number of illegal structures have been built on beaches where Allied troops landed and around nearby villages. The largest of the villages, Gelibolu, is known in English as Gallipoli and gave its name to the military campaign.

Plans for the peace park call for removal of these structures and an end to forestry operations that have sprung up. Most of the work is to be finished by the end of next year.

Even as it stands today, Gallipoli in-

spires awe and reverence.

There are 31 cemeteries here, but many of those who died lie in unmarked mass graves. Since most of the fighting took place in an area little more than 5 square kilometers (2 square miles) in size, almost everywhere a visitor treads is likely to be a soldier's grave.

"Trooper G.R. Seager," reads the simple gravestone of an Australian: "7 August 1915. Age 17. He Died a Man & Closed His Life's Brief Day Ere It Had Scarce Begun."

The assault on Gallipoli was planned by First Lord of the Admiralty Winston Churchill and other British strategists as a way of opening the Dardanelles Straits to Allied warships. The strategists wanted to be able to supply Russia by sea to the Black Sea ports and thus ease pressure on France and Belgium by opening a front against Austro-Hungary in the east.

Britain was at the height of its imperial power, while the Ottoman Empire, then allied with Germany and Austro-Hungary, was in its death throes. But the invading force, which was dominated by soldiers from Australia and New Zealand, found Turkish defenders astonishingly tenacious.

For most of 1915, both sides fought from trenches that were often less than 10 meters apart. Finally the Allied invaders were forced to withdraw in defeat, many of them recording in letters and diaries their new-found respect for Turkish fighting men.

Not least among the results of the campaign was the emergence of the young Turkish officer who went on to found the Turkish Republic, Kemal Ataturk. In 1934, while he was president of the republic, he learned that a group from Britain, Australia and New Zealand was visiting the site, and he sent a remarkable message:

"Those heroes who shed their blood and lost their lives," he wrote, "you are now lying in the soil of a friendly country. Therefore rest in peace. There is no difference between the Johnnies and the Mehmets to us, where they lie side by side in this country of ours."

"You, the mothers who sent their sons from faraway countries, wipe away your tears. Your sons are now lying in our bosom and are in peace. After having lost their lives on this land, they have become our sons as well."



UNDER FIRE — Tansu Ciller, head of the True Path Party and a former Turkish prime minister, answering questions from the press Friday in Istanbul. The Finance Ministry has accused her of illegally transferring \$925,000 to the United States in 1993 and, since 1991, evading \$1.6 million in taxes.

U.S. Role Crucial in Moscow Rescue

Fearing Economic Collapse, Washington Pushed for IMF Reversal

By Michael R. Gordon
and David E. Sanger
New York Times Service

Seven weeks ago the chief of the International Monetary Fund, Michel Camdessus, assured the world's financial markets that there was no reason to panic about Russia.

"Contrary to what markets and commentators are imagining," Mr. Camdessus insisted as investors were fleeing the Russian markets, "this is not a crisis. This is not a major development."

This week, in a complete reversal, the IMF and the Russian government announced a bailout package that will inject \$17.1 billion in new loans into the beleaguered nation's system over the next 18 months.

The Clinton administration was the driving force behind the reversal, impelled by the specter of Russia's financial collapse. U.S. Treasury officials were worried that while negotiations with the Russians dragged on over forcing the real economic change, the political peril to the government of President Boris Yeltsin was growing.

They pressed the fund to nearly double the amount of money it was willing to lend to Russia, even though it depleted the IMF's own resources for fighting the economic contagion that is spreading beyond Asia.

The Russian saga again casts a spotlight on the critical decisions made by the IMF at a moment when the Asian financial crisis has made the institution more powerful than at any time in its 52-year history.

IMF critics charge that in this case, fund officials underestimated the gravity of the crisis and dragged out the negotiations while the markets turned against Russia and the eventual cost of the bailout rose.

IMF officials counter that it would have been a waste of money to offer yet another bailout to Russia without extracting a commitment to fundamental economic changes that are painful and politically unpopular.

By last week, the negotiations turned into a race to rescue the Russian economy before the government's financial reserves were exhausted.

Without new funds, Russian officials feared they would run out of money to prevent a default on Russia's debt and prop up its currency by the end of the month.

The final package is not a permanent solution: it buys time for what U.S. officials believe is the most reform-minded government in Russia in years.

With the economic situation continuing to deteriorate this month, Mr. Yeltsin went directly to the power behind the IMF: the Clinton administration. He sent to Washington the Russian with the most credibility in the West, Anatoli Chubais.

Mr. Chubais had left his top Kremlin post as part of the shake-up that brought Mr. Kiriyenko to power in the spring. He now runs Russia's electrical monopoly, United Energy Systems.

Arriving just before the long Memorial Day weekend, the Chubais team headed straight for the Treasury building next to the White House.

They came not for money but for reassuring words of praise and for a public commitment from Mr. Clinton that if Russia needed more aid, the United States would lead its support.

The next morning, Mr. Chubais and his associates drove through the diplomatic enclave of northwest Washington to the home of Strobe Talbott, deputy secretary of state and a longtime Russia expert.

Mr. Talbott told them that Mr. Clinton was willing to support additional financial help to Russia under the right conditions.

The Russians drove on to the home of Lawrence Summers, deputy Treasury secretary, in the Maryland suburbs. David Lipton, Treasury undersecretary for international affairs, and other top Treasury officials were there.

Over bagels, muffins and orange juice, Mr. Chubais made his appeal: Washington had an historic opportunity to help Russia.

As the conversation shifted to tactics, the group decided that the United States would send a signal that it stood behind

Russia.

The next morning, a Sunday, Mr. Clinton issued a brief statement saying the United States would support assistance with "conditionality."

Quietly, the IMF and the Russians opened negotiations over the rescue package. Their focus was not on how much money was needed, but on what Russia had to do to qualify for the loans.

In a confidential memorandum, the fund handed Russian officials a tough list of demands. A main one was that the Russian budget deficit had to be drastically reduced from 5.5 percent of the nation's output to between 2 percent and 2.5 percent. But the Russians were worried they could not meet such an ambitious target.

As the negotiations dragged on, the Russia economic picture worsened. Returning from Mr. Clinton's time-trip to China, U.S. officials focused anew on Russia and were alarmed by what they saw.

The sense of crisis was driven home when the Russians offered record interest rates at an auction for Russian treasury bills on July 8 but were unable to attract enough buyers.

Now, Mr. Chubais and other top Yeltsin aides were desperate.

Mr. Chubais urgently appealed to Washington and, at Treasury's urging, the IMF doubled its offer to Russia to \$11.2 billion. The World Bank kicked in several billion more. Japan made good on a \$1.5 billion loan promised to Mr. Yeltsin last April.

The IMF insists that its tough approach worked. Mr. Yeltsin committed himself to a far-reaching effort to get Russia's budget under control.

TOUR: Coach Admits Team Got Drugs

Continued from Page 1

week at the French-Belgian border, near Lille, and his official Tour de France team car was found to be full of drugs. The amount and exact specification of the drugs have not been made public, but they reportedly included amphetamines, steroids, masking drugs and EPO, a chemical that multiplies the red blood corpuscles that carry oxygen to muscles.

All of these are illegal in the sport of bicycle racing, and EPO especially is considered to be lethal since it thickens the blood and is suspected in dozens of deaths, attributed to heart attacks,

among amateur and professional racers.

Voet at first insisted that the drugs were for his personal use but then reportedly said that he was taking them to Duhlin, where the 85th Tour started last Saturday, at the order of Festina officials, including Roussel, the directeur sportif, or coach. Voet was said to have told the police that he was to turn the drugs over to Dr. Eric Ryckaert, 52, a Belgian and the Festina doctor.

Both Roussel and Dr. Ryckaert, who have denied the charges, were taken into police custody Wednesday in the city of Cholet, where a Tour stage ended. They were transported to Lille on Friday.

KOSOVO: Abductions and Executions of Civilians Are Reported

Continued from Page 1

civilians that swept across Bosnia.

Visits to six of the sites where kidnappings and executions by Serbian forces are said to have taken place yielded accounts by witnesses and a look at the bodies of some of the victims. But the precise number of those executed is difficult to determine.

Based on the accounts of witnesses from each area, it appears that a total of about 100 ethnic Albanians, most of them men of fighting age, have been rounded up and shot, usually in groups of fewer than a dozen, in the last five months.

One man, Ndue Bihlekaj, said he witnessed abductions and executions by members of the notorious Serbian "black hat" unit, which was employed in Bosnia to kill Muslims and Croats and expel them from their homes.

There were massacres in the village of Drenoc and Vokshit near Decani, he said in an interview in rebel-held territory. "I saw a black hat unit line up 13 civilians and shoot them. They stripped the bodies of their clothes, slashed the arms and legs with their knives and dug out their eyes. They used an excavator to dig a pit and bury the bodies."

"I will never forget this sight," he said. "There were other executions that included women, children and the elderly. You could see the bodies, including one group of 15 people, lined up by the side of road."

The detained men were often marched in single file by the black-uniformed

Interior Ministry command unit to the local water treatment plant, which was used as a command center, he said.

Mr. Bihlekaj, an ethnic Albanian, served for eight years in the police force in the border village of Junik. He was part of the Serbian force that recaptured Decani from the rebels in June. The Serbs shelled the town, reducing whole sections to rubble. They sent in tanks and armored personnel carriers, blasting holes in the walls of houses and driving nearly the entire population over the mountains into Albania. Mr. Bihlekaj has deserted the police to join the rebel movement. He changed sides after the attack on Decani, because, he said, he was appalled by the killing there.

Repeated attempts to inspect two sites suspected of being mass graves in a wooded area near the deserted and badly damaged town, still the scene of frequent armed clashes, were thwarted by special commando police units.

The governor of Kosovo, Veljko Odalovic, a Serb in a province that is 90 percent ethnic Albanian, denied that the police had executed anyone. Serbian officials, as a matter of policy, refuse to disclose the names or location of those taken into custody.

Not every ethnic Albanian who is picked up by the police disappears permanently, but the fear of being seized has become common in these villages. Many of those picked up return after a few days, complaining of beatings and other ill treatment at the hands of the police. According to witnesses, the largest

number of killings occurred in the villages of Likosane and Cirez at the end of February, in the village of Prekaz in the first week of March, in the village of Poklek at the start of May, in Ljubec at the end of May and in Decani in June.

On May 30, special police units entered Poklek and ordered most of the residents into a house owned by Shait Qorri.

Fazli Berisha, who was outside the village hiding behind a wall, said he saw 60 or 70 women and children ordered out of the house as Serbian forces burned neighboring homes. The women were told to walk across a field to Vasiljevo, a neighboring village, he said.

"Hajriz Hajdini and Mahmut Berisha were brought out moments later and told to walk in the opposite direction," he said, referring to two men. "As they walked away they were shot by the police. Sefer Qorri, 10 minutes later, was brought out of the house and told to walk in this direction. He was shot in about the same spot." The villagers said they later found the body of Ardian Deliu, a 17-year-old youth, near Vasiljevo, about two miles away, but they said nine men remain missing.

On June 8, Fred Abrahams, a researcher at Human Rights Watch, spoke with Zahirje Podrimaku, who witnessed the attack on Poklek. An hour after speaking with Mr. Abrahams, she was arrested by Serbian police officers in Pristina, the provincial capital. She was charged a week later with involvement in terrorist activity. She remains in jail.

JAPAN: 2 Top Men in Race

Continued from Page 1

never been necessary in the past. "I think a Big Bang is now happening in the LDP," said Minoru Morita, a political analyst who has been a leading doubter of the ability of the Liberal Democratic Party to change with the times. "This will be a real election."

Certainly skeptics abound, and some of the more cynical suspect that the party may be orchestrating its presidential race as an elaborate Kabuki play designed to assuage critics with the appearance of change.

Some suspect deals have already been cut to ensure the selection of Mr. Obuchi, the favorite of the party's powerful Old Guard. They suggest the elders have promised to install Mr. Kajiyama in a top cabinet post, perhaps minister of finance, in exchange for his participation in an election that satisfies angry voters and younger party reformers who want the party to change. One sign of confidence among the elders was that Thursday, in the middle of this crisis, the party's chief kingmaker, former Prime Minister Noboru Takeshita, flew to China. Had he been worried about the selection of Mr. Obuchi, his candidate, he never would have left, observers said.

But even many who doubt the party is capable of changing its hidebound ways overnight say it is being compelled to change by forces larger than itself: the fear that international financial markets would punish Japan for settling for business as usual in a time of such economic danger, and a newly assertive Japanese public threatening to destroy the party in future elections if it fails to show more agile and responsive leadership.

"It feels real, but we won't know until afterwards whether this was all Kabuki," said Richard Medley, an international investment adviser with close contacts inside the party. "But all of a sudden, you've got a race."

Analysts said changes in the Liberal Democratic Party stem from the weakening of factions that dominate the party because of electoral system changes adopted in 1996. Under the new system, more of Japan's voting districts are represented by a single lawmaker elected by a majority vote, instead of a group of lawmakers selected by proportional representation. The new system has tended to favor candidates with the strongest positions on issues, rather than party loyalists who are elected on the strength of local party chapters.

Minoru Morita and another analyst, Takayoshi Miyagawa, said the new system has produced new members who are much more difficult for party leaders to control. Young members are less willing to be bought off by party bosses with promises of jobs or money for their constituencies, they said.

Some of those reform-minded lawmakers are supporting other potential candidates, Health Minister Junichiro Koizumi, 56, or Yoshio Mori, 61, head of the party's decision-making General Council. Neither has said whether he would run. Candidates have until Monday to formally declare their candidacy.

The consensus of most analysts here is that Mr. Obuchi is the favorite, despite his glaring lack of credentials to help with Japan's critical economic problems. Mr. Obuchi, 61, is an undistinguished but well-liked veteran whose turn has come on the seniority ladder. As nominal leader of the largest and most well-organized faction in the party, and with Mr. Takeshita's backing, Mr. Obuchi would normally be considered an almost automatic selection.

Mr. Kajiyama, 72, is a former chief cabinet secretary who has become deeply involved in economic reforms in the past year. He frequently criticized outgoing Prime Minister Ryutaro Hashimoto for being too timid in reforming Japan's banking and financial sectors. Somewhat by default, he has now emerged as the darling of the international markets, who believe his selection would be far healthier for Japan's economic recovery than Mr. Obuchi's.

TRADE: U.S. Deficit Grows

Continued from Page 1

good possibility that second-quarter GDP growth could be negative."

The possibility of inflation, which had preoccupied the Federal Reserve Board and the financial markets for months, appeared to have dissipated, and speculation turned to whether the Fed's next move might have to be to reduce interest rates to keep a slowdown from tipping over into a recession.

The American economy has grown steadily since March 1991. For the last several years it has combined steady expansion, low unemployment and low inflation, setting off a debate about whether the United States had entered a new economic era.

The question now is whether the second-quarter slowdown is a temporary blip or whether it is the beginning of a more fundamental downturn. To a large extent, the answer will depend on whether Asia-induced weakness from abroad, which is primarily affecting manufacturers and farmers, will worsen and infect the consumer and service sectors of the economy, which so far have kept humming along.

"This may be as bad as it gets," said Michael Penolosa, an economist at John Hancock, the Boston-based insurance company. "The second half of the year should see Asian economies stabilize and start to recover, which should stanch the hemorrhaging of our trade deficit."

Commerce Secretary William Daley, briefing reporters on the trade figures, agreed with the view that overall growth has slowed but said that was occurring after a very strong first quarter. He predicted U.S. growth for the year, despite the Asian troubles, would be healthy.

Bhutto's Spouse Charged in Switzerland

The Associated Press

GENEVA — A Swiss judge said Friday that he had charged the husband of former Prime Minister Benazir Bhutto of Pakistan with money laundering and was clearing up details before charging Miss Bhutto herself.

"Questions of procedure" need to be dealt with before she can be indicted, said the judge, Daniel Devaud.

The charging of Miss Bhutto's husband, Asif Ali Zardari, follows the indictment in June of three Swiss citizens linked to Miss Bhutto, who was dismissed in 1996 on charges of corruption and misuse. She has denied the charges, which she contends were concocted by political opponents.

Miss Bhutto was in the United Arab

Emirates on Friday visiting her children, and could not be reached for comment immediately.

Since the dismissal of Miss Bhutto, Mr. Zardari has been jailed in Pakistan on various charges, including murder and corruption.

Judge Devaud said bank documents relating to the case in Switzerland would be handed over to Pakistan in the coming days.

The Swiss indictment of Mr. Zardari came a day after a Pakistani court issued an arrest warrant for Miss Bhutto after she failed to appear in court in Lahore on a charge of corruption. She is accused of failing to declare some of her assets in documents she filed before elections in February 1997.

CZAR: Yeltsin Pays Homage to Nicholas II

Continued from Page 1

The patriarch of the Russian Orthodox Church, Alexei II, boycotted the ceremony on the ground that the remains might not be authentic.

Mr. Yeltsin threw confusion on the event himself by first refusing to attend and then, only one day ahead of the reburial, changing his mind. Other politicians jumped to join in.

The zig-zag, so characteristic of the impulsive president, made for protocol confusion. No foreign heads of state attended. Some countries sent ambassadors, others dispatched lower officials.

Mr. Yeltsin rose to the dramatic occasion.

AIDS: Trial in France

Continued from Page 1

That tribunal, composed of six members of Parliament, six senators, and three judges of France's highest court, the Cour de Cassation, will try Mr. Fahius and his two colleagues if the decision Friday is upheld.

Four of the legislators on the tribunal are members of Mr. Fahius's party, which controls the National Assembly but not the conservative-dominated Senate, and eight are conservatives.

A state prosecutor had recommended dismissing the charges. Francois Bayrou, a conservative legislator, said Friday, "It wouldn't be right to make the elected officials of the time the scapegoats for a whole system."

Mr. Fahius was elected speaker of the National Assembly after a Socialist-led coalition won parliamentary elections last year.

Representatives of groups formed by the victims had mixed feelings. "We are shocked by the fact that the most important health crime of the 20th century is being characterized as an ordinary crime," said Olivier Duplessis, for the Association of Transfusion Victims.

Sabine Pangham, a lawyer for an association of hemophiliacs, told LCI Television, "Involuntary homicide does not satisfy me one bit, because I think that nothing was involuntary."

For all of Mr. Yeltsin's appeal for collective repentance, he put specific fault for the murders squarely on the Bolsheviks and presumably their "patron saint," Lenin.

"We stand against those who were in charge of this criminal act," Mr. Yeltsin said. "Any attempts to change life through violence are doomed."

The murder of the czar and the others took place in the basement of a merchant's house in Yekaterinburg, a Urals city where the czar and family ultimately were held captive after their exile from St. Petersburg, then the imperial capital.

The killers lined up Nicholas, Empress Alexandra, and their children, Olga, Tatiana, Marie, Anastasia and Alexei, as if to take photographs.

The execution squad opened fire, also killing Anna Demedova, who was Alexandra's servant; Yevgeny Botkin, the family doctor; Ivan Kharitonov, the cook; and Alouzy Trupp, the czar's valet.

The members of the Red Guards execution squad bayoneted anyone who survived the bullets.

The panicky killers first tried to burn the bodies then hurried them. The remains of Alexei and Marie have never been found.

Historians regard the executions as the initiation of a policy of terror that in the decades ahead would take the lives of millions of Russians and other citizens.

In 1918, a memorial service for the czar was held in St. Petersburg. Patriarch Tikhon presided. The Communists would later persecute and kill him.

On Friday, the lead priest at the Peter and Paul Cathedral never mentioned the names of the victims being laid to rest. "God knows the names," the priest said.

Fifty members of the Romanov family gathered for the rites. Mr. Yeltsin's decision to attend buoyed their mood. Some were moved to tears by the closing of a family saga.

Mr. Yeltsin's aides had a brief scare at the airport when he slipped on the steps from his jet. It seemed he had simply caught a heel.

Accompanied by his wife, Naina, he waved enthusiastically at bystanders along his motorcade route.

He walked unaided and firmly into the cathedral and again past the tomb on his way out.

Piech Moving Auto Company Upscale

By Edmund L. Andrews
New York Times Service

In a Tight L

See VW, Page 13

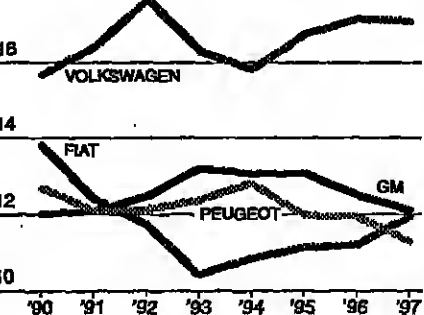
See VW, Page 13



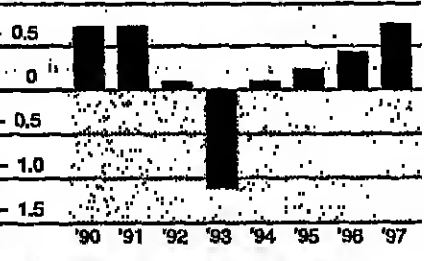
In its quest to compete in the upscale auto market, Volkswagen has made several deals since June in the luxury end of the business.



18% *European market share*



-\$1.0 billion Volkswagen's net income



Sources: ACEA Data Services; Bloomberg Financial Markets

Illustration: Carl Shan/ NYT

Compiled by Our Staff From Dispatchers

"We're more than alive and better than well," said the chief executive of Northrop Grumman, Kent Kresa. "We're not going to rest on our

This means that the U.S. government and the American people will continue to receive the highest possible quality of military products and services," he said. (NYT, WP, AP, AFP)

**By Tim Smart
and Beth Berselli**
Washington Post Service

That's quite a change from six years ago, when the 35-year-old Virginia resident faced a chilly job market. Leaving a government political job, Mr. Jones took a 20

at the expense of companies," said Ed Hyman, and economist with the ISI Group in New York.

Orlando, experienced ultrasound technicians routinely receive \$1,500 hiring bonuses.

- In Green Bay, Wisconsin, Schneider National, a trucking firm, has increased

employees and the 30 or so it plans to hire this year. "Every employee will have a daily reminder that life in general, and their job at RSL, is G-O-O-D," the company's co-founder, Bill Glover, said in

This confluence of real

American was better than at the beginning of the decade, a substantial rise from the 25 percent of respondents who

of their wealth with workers nowadays. But they are trying to do so without needlessly ratcheting up salaries, said the

See PERKS, Page 13

[illegible]

Changings in Amsterdam, London, Milan, Paris and Zurich, billings in other countries: New York and Toronto rates of 4 P.M.									
As to Tokyo one dollar in: To buy one dollar: *Deaths of 10% M/L; not covered: M/L: not available.									
As to Tokyo one dollar in: To buy one dollar: *Deaths of 10% M/L; not covered: M/L: not available.									
Other Dollar Values									
Currency	Per \$	Currency	Per \$	Currency	Per \$	Currency	Per \$	Currency	Per \$
Argentine peso	1.5806	Kenya Sh	27.9487	Mex. peso	8.9268	S. Afr. rand	4.2605	3-month T-bill	5.01
Brazilian cruzeiro	12.582	Hongd. dollar	7.2747	M.L. Zambian \$	1.8925	Sw. kron	198.645	1-year T-bill	5.59
Canadian dollar	1.0000	Indonesian Rp	16.700	Thai baht	5.326	Sw. kron	198.645	2-year T-bill	5.99
Chinese yuan	8.2798	Israeli sheqel	2.1505	Philipp. peso	41.85	Turkish L	34.34	3-month T-note	5.99
Czech koruna	2.036	Israeli sheqel	2.1505	Polish zloty	162.2	Yugoslav D	20.63	1-year T-note	6.59
Dutch guilder	2.036	Israeli sheqel	2.1505	Roman. lei	162.2	Yugoslav D	20.63	2-year T-note	6.59
East German mark	2.036	Israeli sheqel	2.1505	Russian ruble	6.214	UAE dirham	3.6725	3-month T-bond	10-27
French franc	6.55	Israeli sheqel	2.1505	Slovak koruna	3.6725	West. bank	3.6725	1-year T-bond	10-27
German mark	2.036	Israeli sheqel	2.1505	Sloven. tolar	3.6725	West. bank	3.6725	2-year T-bond	10-27
Italian lire	2.036	Israeli sheqel	2.1505	Sloven. tolar	3.6725	West. bank	3.6725	3-month T-bond	10-27
Japanese yen	2.036	Israeli sheqel	2.1505	Sloven. tolar	3.6725	West. bank	3.6725	1-year T-bond	10-27
Korean won	2.036	Israeli sheqel	2.1505	Sloven. tolar	3.6725	West. bank	3.6725	2-year T-bond	10-27
Malaysian ringgit	2.036	Israeli sheqel	2.1505	Sloven. tolar	3.6725	West. bank	3.6725	3-month T-bond	10-27
Mexican peso	2.036	Israeli sheqel	2.1505	Sloven. tolar	3.6725	West. bank	3.6725	1-year T-bond	10-27
Norwegian krone	2.036	Israeli sheqel	2.1505	Sloven. tolar	3.6725	West. bank	3.6725	2-year T-bond	10-27
Portuguese escudo	2.036	Israeli sheqel	2.1505	Sloven. tolar	3.6725	West. bank	3.6725	3-month T-bond	10-27
Romanian lei	2.036	Israeli sheqel	2.1505	Sloven. tolar	3.6725	West. bank	3.6725	1-year T-bond	10-27
Slovak koruna	2.036	Israeli sheqel	2.1505	Sloven. tolar	3.6725	West. bank	3.6725	2-year T-bond	10-27
Slovenian tolar	2.036	Israeli sheqel	2.1505	Sloven. tolar	3.6725	West. bank	3.6725	3-month T-bond	10-27
Soviet ruble	2.036	Israeli sheqel	2.1505	Sloven. tolar	3.6725	West. bank	3.6725	1-year T-bond	10-27
Spanish peseta	2.036	Israeli sheqel	2.1505	Sloven. tolar	3.6725	West. bank	3.6725	2-year T-bond	10-27
Swedish krona	2.036	Israeli sheqel	2.1505	Sloven. tolar	3.6725	West. bank	3.6725	3-month T-bond	10-27
Swiss franc	2.036	Israeli sheqel	2.1505	Sloven. tolar	3.6725	West. bank	3.6725	1-year T-bond	10-27
Taiwan dollar	2.036	Israeli sheqel	2.1505	Sloven. tolar	3.6725	West. bank	3.6725	2-year T-bond	10-27
Thai baht	2.036	Israeli sheqel	2.1505	Sloven. tolar	3.6725	West. bank	3.6725	3-month T-bond	10-27
Turkish Lira	2.036	Israeli sheqel	2.1505	Sloven. tolar	3.6725	West. bank	3.6725	1-year T-bond	10-27
Yugoslav Dinar	2.036	Israeli sheqel	2.1505	Sloven. tolar	3.6725	West. bank	3.6725	2-year T-bond	10-27

Forward Rates				3-months 6-months 9-months 1-year float basis				Gold			
Currency	30-day	60-day	90-day	Currency	30-day	60-day	90-day		A.M.	P.M.	C/F*
Japanese yen	1.6366	1.6336	1.6310	Japanese yen	139.15	138.53	137.91	Zurich	N.A.	239.75	+0.60
Swiss franc	1.2873	1.2866	1.2861	Swiss franc	1.5042	1.4992	1.4953	London	260.00	260.00	0.00
Deutsche mark	1.7865	1.7830	1.7801	Deutsche mark	1.24	1.25		New York	294.20	295.10	+1.60
Canadian dollar	1.4865	1.4866	1.4866	Canadian dollar	3.40	3.43		U.S. dollars per ounce, London official			
British pound	2.9575	2.9575	2.9575	British pound	3.40	3.43		Shanghai	240.00	240.00	0.00
French franc	6.5595	6.5595	6.5595	French franc	3.40	3.43		Dollars Zurich and New York opening			
Italian lira	2036.26	2036.26	2036.26	Italian lira	3.40	3.43		and closing prices, New York close			
Spanish peseta	166.64	166.64	166.64	Spanish peseta	3.40	3.43		(Aug.)			
Portuguese escudo	200.48	200.48	200.48	Portuguese escudo	3.40	3.43		Source: Reuters.			

Consulted by Our Staff Essay Researchers

The price includes \$77 million for nuclear fuel and \$23 million for the reactor. GPU expects to make up the difference between the sale price and the \$593 million book value of the reactor by refinancing its debt, said Jeff Dennard, a company spokesman.

(AP, Bloomberg)



Istituto Finanziario Industriale S.p.A.

Joint Stock Company
Corporate Offices: 26, Corso Matteotti, Turin, Italy
Capital Stock Lire 123,500,000,000 fully paid
in Turin, Registry of the Companies No. 327/27

1997 DIVIDEND PAYMENT

- Lira 530 for each preferred share
- Lira 480 for each ordinary share
subject to withholding tax.

The dividend will be payable at the Company's Main Offices and branches of the paying agents listed hereunder.

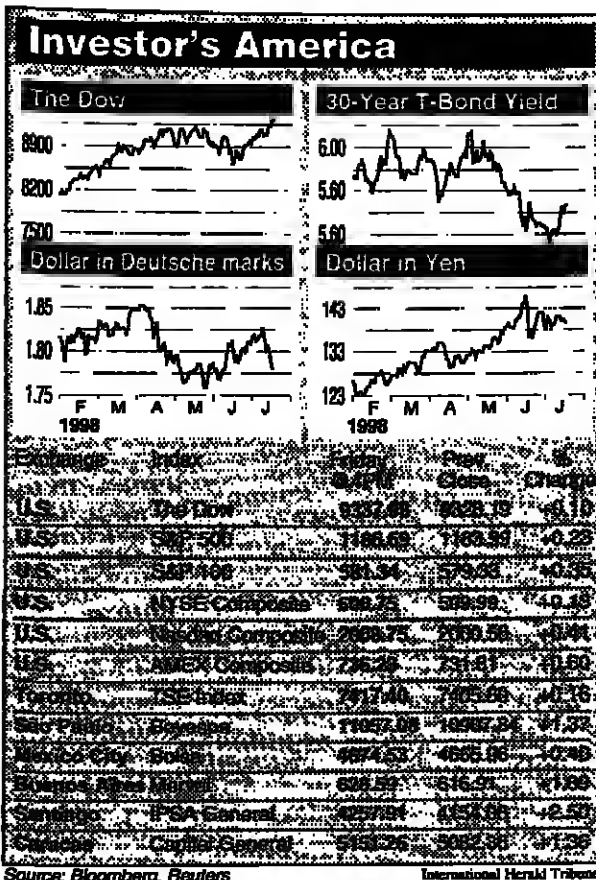
The full dividend is subject to a withholding tax of 58,73% and, therefore, without restriction as to reimbursement.

Authorized banks:

In the Federal Republic of Germany: Commerzbank.
In Switzerland: Banca Commerciale Italiana (Suisse),
Crédit Suisse and Société de Banque Suisse.

Credit Suisse and Societe de Banque Suisse.
In Italy: all the leading banks.

THE AMERICAS



Very briefly:

- The World Bank's investigation into alleged corruption will be monitored by the U.S. Treasury, and the allegations "obviously are serious," Treasury Secretary Robert Rubin said. The World Bank's president, James Wolfensohn, rejected complaints that senior U.S. Treasury officials failed to keep Congress informed of the investigations.
- AMP Inc., the world's biggest maker of electronic connectors, is closing three plants and cutting 3,500 jobs, or 7.5 percent of its work force, to reduce costs.
- Atlantic Richfield Co. will acquire half of Triton Energy Ltd.'s stake in natural gas reserves in the Gulf of Thailand, providing up to \$657 million in financing for the project over seven years.
- Kirk Kerkorian, the investor, cut his stake in Chrysler Corp. to 12.35 percent from 13.80 percent, citing tax reasons tied to the company's acquisition by Daimler-Benz AG.
- USA Waste Services Inc.'s \$13.5 billion acquisition of Waste Management Inc. won the approval of the Justice Department and 13 state attorneys general, provided operations in 21 cities are sold off.

The Trib Index				
Jan. 1, 1997	Low	Change	% change	Year to date
World Index	208.73	1.73	+0.84	+21.28
Regional indexes				
Asia/Pacific	87.59	+0.18	+0.18	-8.84
Europe	252.61	+3.79	+1.52	+30.06
N. America	268.44	+0.19	+0.07	+24.28
S. America	143.55	+2.41	+1.71	-5.97
Industrial indexes				
Capital goods	273.67	+1.46	+0.54	+32.48
Consumer goods	243.29	+0.87	+0.40	+16.00
Energy	210.50	+1.56	+0.75	+7.97
Finance	155.70	+2.22	+1.45	+26.63
Manufacturing	165.98	+1.33	+1.18	+10.74
Materials	208.84	+0.81	+0.39	+23.68
Services	221.43	+2.16	+0.99	+27.03
Utilities	180.39	+3.38	+1.91	+8.10

The International Herald Tribune World Stock Index tracks the U.S. dollar value of 280 internationally investable stocks from 25 countries.

Compiled by Bloomberg News.

International Futures & Forex Traders					
For My Complimentary Services Guide and Latest Research Reports Call Toll Free, Fax or Email Today					
European Commission	0800-423-0900	Holland	0800-22-0657	H-Kong	800-46-7208
Germany	0800-423-0900	Japan	0800-423-0900	USA	800-423-0900
France	0800-423-0900	Spain	0800-423-0900	UK	0800-423-0900
Italy	0800-423-0900	Sweden	0800-423-0900	Switzerland	0800-423-0900
Belgium	0800-423-0900	Austria	0800-423-0900	Portugal	0800-423-0900
Greece	0800-423-0900	Ireland	0800-423-0900	Norway	0800-423-0900
Denmark	0800-423-0900	Finland	0800-423-0900	South Korea	0800-423-0900
South Africa	0800-423-0900	India	0800-423-0900	China	0800-423-0900
Indonesia	0800-423-0900	Singapore	0800-423-0900	Malaysia	0800-423-0900
Thailand	0800-423-0900	Philippines	0800-423-0900	Brunei	0800-423-0900
Myanmar	0800-423-0900	Laos	0800-423-0900	Vietnam	0800-423-0900
Cambodia	0800-423-0900	Timor	0800-423-0900	East Timor	0800-423-0900
West Bank	0800-423-0900	Gaza Strip	0800-423-0900	Jerusalem	0800-423-0900
Hebron	0800-423-0900	Nablus	0800-423-0900	Tripoli	0800-423-0900
Beirut	0800-423-0900	Damascus	0800-423-0900	Baghdad	0800-423-0900
Amman	0800-423-0900	Riyadh	0800-423-0900	Jeddah	0800-423-0900
Muscat	0800-423-0900	Sana'a	0800-423-0900	Yamalo	0800-423-0900
Aden	0800-423-0900	Perth	0800-423-0900	Wellington	0800-423-0900
Auckland	0800-423-0900	Christchurch	0800-423-0900	Dunedin	0800-423-0900
Invercargill	0800-423-0900	Queenstown	0800-423-0900	Hamilton	0800-423-0900
Palmerston North	0800-423-0900	Whangarei	0800-423-0900	Whangārei	0800-423-0900
Whangārei	0800-423-0900	Whangārei	0800-423-0900	Whangārei	0800-423-0900

AMEX

Friday's 4 P.M. Close

The 200 most traded stocks of the day, up to the closing on Wall Street.

The Associated Press.

Stock	High	Low	Open	Close
IBM	120 1/4	119 3/4	119 3/4	120 1/4
Microsoft	54 1/2	54 1/4	54 1/4	54 1/2
Apple	42 1/2	42 1/4	42 1/4	42 1/2
Oracle	38 1/2	38 1/4	38 1/4	38 1/2
Sun	32 1/2	32 1/4	32 1/4	32 1/2
HP	28 1/2	28 1/4	28 1/4	28 1/2
Intel	24 1/2	24 1/4	24 1/4	24 1/2
Motorola	20 1/2	20 1/4	20 1/4	20 1/2
Cisco	16 1/2	16 1/4	16 1/4	16 1/2
Novell	12 1/2	12 1/4	12 1/4	12 1/2
Lucent	8 1/2	8 1/4	8 1/4	8 1/2
Verizon	4 1/2	4 1/4	4 1/4	4 1/2
AT&T	3 1/2	3 1/4	3 1/4	3 1/2
WorldCom	2 1/2	2 1/4	2 1/4	2 1/2
Sprint	1 1/2	1 1/4	1 1/4	1 1/2
Qwest	1 1/4	1 1/2	1 1/2	1 1/4
Southwest	1 1/2	1 1/4	1 1/4	1 1/2
Delta	1 1/4	1 1/2	1 1/2	1 1/4
American	1 1/2	1 1/4	1 1/4	1 1/2
United	1 1/4	1 1/2	1 1/2	1 1/4
Southwest	1 1/2	1 1/4	1 1/4	1 1/2
Delta	1 1/4	1 1/2	1 1/2	1 1/4
American	1 1/2	1 1/4	1 1/4	1 1/2
United	1 1/4	1 1/2	1 1/2	1 1/4
Southwest	1 1/2	1 1/4	1 1/4	1 1/2
Delta	1 1/4	1 1/2	1 1/2	1 1/4
American	1 1/2	1 1/4	1 1/4	1 1/2
United	1 1/4	1 1/2	1 1/2	1 1/4
Southwest	1 1/2	1 1/4	1 1/4	1 1/2
Delta	1 1/4	1 1/2	1 1/2	1 1/4
American	1 1/2	1 1/4	1 1/4	1 1/2
United	1 1/4	1 1/2	1 1/2	1 1/4
Southwest	1 1/2	1 1/4	1 1/4	1 1/2
Delta	1 1/4	1 1/2	1 1/2	1 1/4
American	1 1/2	1 1/4	1 1/4	1 1/2
United	1 1/4	1 1/2	1 1/2	1 1/4
Southwest	1 1/2	1 1/4	1 1/4	1 1/2
Delta	1 1/4	1 1/2	1 1/2	1 1/4
American	1 1/2	1 1/4	1 1/4	1 1/2
United	1 1/4	1 1/2	1 1/2	1 1/4
Southwest	1 1/2	1 1/4	1 1/4	1 1/2
Delta	1 1/4	1 1/2	1 1/2	1 1/4
American	1 1/2	1 1/4	1 1/4	1 1/2
United	1 1/4	1 1/2	1 1/2	1 1/4
Southwest	1 1/2	1 1/4	1 1/4	1 1/2
Delta	1 1/4	1 1/2	1 1/2	1 1/4
American	1 1/2	1 1/4	1 1/4	1 1/2
United	1 1/4	1 1/2	1 1/2	1 1/4
Southwest	1 1/2	1 1/4	1 1/4	1 1/2
Delta	1 1/4	1 1/2	1 1/2	1 1/4
American	1 1/2	1 1/4	1 1/4	1 1/2
United	1 1/4	1 1/2	1 1/2	1 1/4
Southwest	1 1/2	1 1/4	1 1/4	1 1/2
Delta	1 1/4	1 1/2	1 1/2	1 1/4
American	1 1/2	1 1/4	1 1/4	1 1/2
United	1 1/4	1 1/2	1 1/2	1 1/4
Southwest	1 1/2	1 1/4	1 1/4	1 1/2
Delta	1 1/4	1 1/2	1 1/2	1 1/4
American	1 1/2	1 1/4	1 1/4	1 1/2
United	1 1/4	1 1/2	1 1/2	1 1/4
Southwest	1 1/2	1 1/4	1 1/4	1 1/2
Delta	1 1/4	1 1/2	1 1/2	1 1/4
American	1 1/2	1 1/4	1 1/4	1 1/2
United	1 1/4	1 1/2	1 1/2	1 1/4
Southwest	1 1/2	1 1/4	1 1/4	1 1/2
Delta	1 1/4	1 1/2	1 1/2	1 1/4
American	1 1/2	1 1/4	1 1/4	1 1/2
United	1 1/4	1 1/2	1 1/2	1 1/4
Southwest	1 1/2	1 1/4	1 1/4	1 1/2
Delta	1 1/4	1 1/2	1 1/2	1 1/4
American	1 1/2	1 1/4	1 1/4	1 1/2
United	1 1/4	1 1/2	1 1/2	1 1/4
Southwest	1 1/2	1 1/4	1 1/4	1 1/2
Delta	1 1/4	1 1/2	1 1/2	1 1/4
American	1 1/2	1 1/4	1 1/4	1 1/2
United	1 1/4	1 1/2	1 1/2	1 1/4
Southwest	1 1/2	1 1/4	1 1/4	1 1/2
Delta	1 1/4	1 1/2	1 1/2	1 1/4
American	1 1/2	1 1/4	1 1/4	1 1/2
United	1 1/4	1 1/2	1 1/2	1 1/4
Southwest	1 1/2	1 1/4	1 1/4	1 1/2
Delta	1 1/4	1 1/2	1 1/2	1 1/4
American	1 1/2	1 1/4	1 1/4	1 1/2
United	1 1/4	1 1/2	1 1/2	1 1/4
Southwest	1 1/2	1 1/4	1 1/4	1 1/2
Delta	1 1/4	1 1/2	1 1/2	1 1/4
American	1 1/2	1 1/4	1 1/4	1 1/2
United	1 1/4	1 1/2	1 1/2	1 1/4
Southwest	1 1/2	1 1/4	1 1/4	1 1/2
Delta	1 1/4	1 1/2	1 1/2	1 1/4
American	1 1/2	1 1/4	1 1/4	1 1/2
United	1 1/4	1 1/2	1 1/2	1 1/4
Southwest	1 1/2	1 1/4	1 1/4	1 1/2
Delta	1 1/4	1 1/2	1 1/2	1 1/4
American	1 1/2	1 1/4	1 1/4	1 1/2
United	1 1/4	1 1/2	1 1/2	1 1/4
Southwest	1 1/2	1 1/4	1 1/4	1 1/2
Delta	1 1/4	1 1/2	1 1/2	1 1/4
American	1 1/2	1 1/4	1 1/4	1 1/2
United	1 1/4	1 1/2	1 1/2	1 1/4
Southwest	1 1/2	1 1/4	1 1/4	1 1/2
Delta	1 1/4	1 1/2	1 1/2	1 1/4
American	1 1/2	1 1/4	1 1/4	1 1/2
United	1 1/4	1 1/2	1 1/2	1 1/4
Southwest	1 1/2	1 1/4	1 1/4	1 1/2
Delta	1 1/4	1 1/2	1 1/2	1 1/4
American	1 1/2	1 1/4	1 1/4	1 1/2
United	1 1/4	1 1/2	1 1/2	1 1/4
Southwest	1 1/2	1 1/4	1 1/4	1 1/2
Delta	1 1/4	1 1/2	1 1/2	1 1/4
American	1 1/2	1 1/4	1 1/4	1 1/2
United	1 1/4	1 1/2	1 1/2	1 1/4
Southwest	1 1/2	1 1/4	1 1/4	1 1/2
Delta	1 1/4	1 1/2	1 1/2	1 1/4
American	1 1/2	1 1/4	1 1/4	1 1/2
United	1 1/4	1 1/2	1 1/2	1 1/4
Southwest	1 1/2	1 1/4	1 1/4	1 1/2
Delta	1 1/4	1 1/2	1 1/2	1 1/4
American	1 1/2	1 1/4	1 1/4	1 1/2
United	1 1/4	1 1/2	1 1/2	1 1/4
Southwest	1 1/2	1 1/4	1 1/4	1 1/2
Delta	1 1/4	1 1/2	1 1/2	1 1/4
American	1 1/2	1 1/4	1 1/4	1 1/2
United	1 1/4	1 1/2	1 1/2	1 1/4
Southwest	1 1/2	1 1/4	1 1/4	1 1/2
Delta	1 1/4	1 1/2	1 1/2	1 1/4
American	1 1/2	1 1/4	1 1/4	1 1/2
United	1 1/4	1 1/2	1 1/2	1 1/4
Southwest	1 1/2	1 1/4	1 1/4	1 1/2
Delta	1 1/4	1 1/2	1 1/2	1 1/4
American	1 1/2	1 1/4	1 1/4	1 1/2
United	1 1/4	1 1/2	1 1/2	1 1/4
Southwest	1 1/2	1 1/4	1 1/4	1 1/2
Delta	1 1/4	1 1/2	1 1/2	1 1/4
American	1 1/2	1 1/4	1 1/4	1 1/2
United	1 1/4	1 1/2	1 1/2	1 1/4
Southwest	1 1/2	1 1/4	1 1/4	1 1/2
Delta	1 1/4	1 1/2	1 1/2	1 1/4
American	1 1/2	1 1/4	1 1/4	1 1/2
United	1 1/4	1 1/2	1 1/2	1 1/4
Southwest	1 1/2	1 1/4	1 1/4	1 1/2
Delta	1 1/4	1 1/2	1 1/2	1 1/4
American	1 1/2	1 1/4	1 1/4	1 1/2
United	1 1/4	1 1/2	1 1/2	1 1/4
Southwest	1 1/2	1 1/4	1 1/4	1 1/2
Delta	1 1/4	1 1/2	1 1/2	1 1/4
American	1 1/2	1 1/4	1 1/4	1 1/2
United	1 1/4	1 1/2	1 1/2	1 1/4
Southwest	1 1/2	1 1/4	1 1/4	1 1/2
Delta	1 1/4	1 1/2	1 1/2	1 1/4
American	1 1/2	1 1/4	1 1/4	1 1/2
United	1 1/4	1 1/2	1 1/2	1 1/4
Southwest	1 1/2	1 1/4	1 1/4	1 1/2
Delta	1 1/4	1 1/2	1 1/2	1 1/4
American	1 1/2	1 1/4	1 1/4	1 1/2
United	1 1/4	1 1/2	1 1/2	1 1/4
Southwest	1 1/2	1 1/4	1 1/4	1 1/2
Delta	1 1/4	1 1/2	1 1/2	1 1/4
American	1 1/2	1 1/4	1 1/4	1 1/2
United	1 1/4	1 1/2	1 1/2	1 1/4
Southwest	1 1/2	1 1/4	1 1/4	1 1/2
Delta	1 1/4	1 1/2	1 1/2	1 1/4
American	1 1/2	1 1/4	1 1/4	1 1/2
United	1 1/4	1 1/2	1 1/2	1 1/4
Southwest	1 1/2	1 1/4	1 1/4	1 1/2

EUROPE

German Trade Surplus Hits Record 14.6 Billion DM

Bloomberg News
WIESBADEN, Germany — Germany's trade surplus widened to a record 14.6 billion Deutsche marks (\$8.2 billion) in May amid signs that accelerating growth within Europe is more than offsetting the slowdown from Asia, the Federal Statistics Office said Friday.

The trade surplus of Europe's largest economy grew from 11.4 billion DM in April.

In Spain, the government reported Friday that industrial production had risen 4.6 percent in May.

The data from the two countries, whose gross domestic products together make up 42 percent of the 11-country euro currency bloc, show how low interest rates are helping to fuel growth, analysts said.

"Exports within Europe are doing much better than people thought at the start of the year, while the predicted influx of cheap exports from Asian countries hasn't happened yet," said Lothar Hessler, an economist at HSBC Trinkaus Research.

Evidence of a recovery is mounting across Europe, helping companies such as Linde AG of Germany and S.T. Dupont SA of France com-

pensate for lost business in Asia. Germany businesses sell about 8 percent of exports to Asia, while about 9 percent of the exports of French businesses go to the region.

France, Europe's second-largest economy, which accounts for 22 percent of the euro bloc's GDP, is expected next week to report a trade surplus of as much as 14 billion francs (\$2.3 billion). That would be down from 15.4 billion in April, but economists still expect the surplus for the year to rival last year's record.

"The trade surplus will stay at a high level in May even if a slow-

down is to be expected," said Emmanuel Ferry, an economist at Credit Commercial de France.

Non-Axis sales rose 7 percent in April and May at S.T. Dupont, the French manufacturer of luxury goods such as pens, helping offset a decline in sales from Asia. Overall, the company's sales were little changed from a year ago.

Linde, the German maker of fertilizers and other machinery, said gains in foreign business and a revival in domestic demand had increased sales 14.1 percent in the first four months.

Thyssen AG, a German steel maker, said first-half new orders rose 22 percent, lifted by demand from European Union countries.

The German Economics Ministry said Friday that orders and corporate production plans "are indicating an acceleration in industrial activity in coming months."

The German economy surged at

an annual rate of 3.8 percent in the first quarter, the highest rate since reunification.

Although the Economics Ministry said that rate would slow in the second quarter, Germany expects the economy to grow 2.5 percent to 3 percent in 1998, compared with 2.2 in 1997.

The Bundesbank said Thursday that stronger demand in Europe had more than made up for a slackening in Asia, even for machinery makers, which sell about 10 percent of their exports to Pacific Rim countries.

But some companies have been affected by Asia's woes. Siemens AG, Germany's biggest electronics and engineering company, said net income for the three months through June fell to 595 million DM, from 625 million a year earlier, largely as memory chip prices slid amid increased competition from the slump in Asian currencies.

The German economy surged at

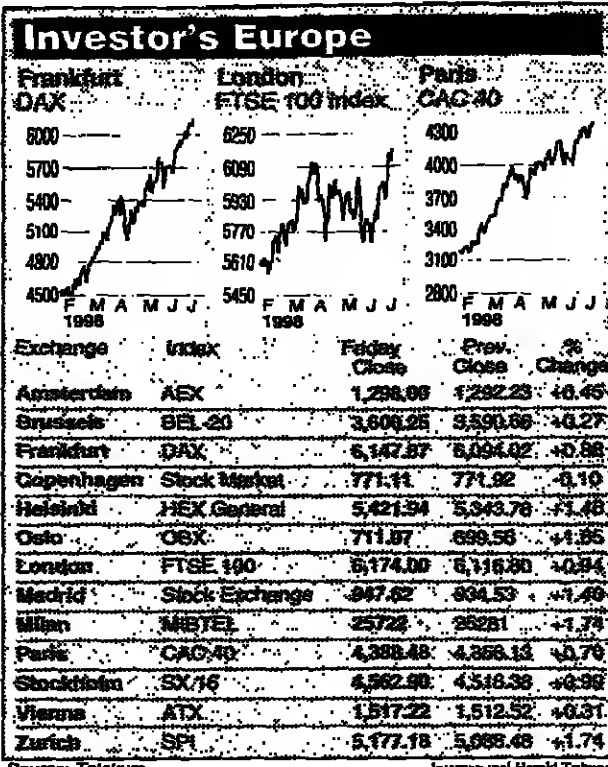
an annual rate of 3.8 percent in the first quarter, the highest rate since reunification.

Although the Economics Ministry said that rate would slow in the second quarter, Germany expects the economy to grow 2.5 percent to 3 percent in 1998, compared with 2.2 in 1997.

The Bundesbank said Thursday that stronger demand in Europe had more than made up for a slackening in Asia, even for machinery makers, which sell about 10 percent of their exports to Pacific Rim countries.

But some companies have been affected by Asia's woes. Siemens AG, Germany's biggest electronics and engineering company, said net income for the three months through June fell to 595 million DM, from 625 million a year earlier, largely as memory chip prices slid amid increased competition from the slump in Asian currencies.

The German economy surged at



Very briefly:

- Interpublic Group of Companies Inc. of New York, the world's third-largest advertising company, agreed to buy International Public Relations PLC of London, the world's largest independent public relations company, for £103.6 million (\$170 million).
- Spain will sell a stake in Construcciones Aeronauticas SA, a state-owned aerospace company, to a European rival. Likely buyers were not named.
- Roche Holding AG's obesity drug Xenical was found in a European study to help patients lose weight and keep it off, although some patients suffered digestive disorders.
- Danone SA, Europe's third-largest food company, reported that second quarter sales rose 5.5 percent as demand increased for beverages and dairy products.
- KBC Holding NV, Belgium's biggest banking and insurance company, plans to close about one-third of its branches in the next three to four years, without job cuts.
- South Africa's rand fell, amid concern over a Standard & Poor's Corp. report citing risks for investors in the country, to as much as 6.285 per dollar from a fifth month in May, led by a decline in sales of cars, as slower growth crimped consumer spending.

Bloomberg

Wider Horizons for a Swiss Titan

Martin Ebner Buys a Stake in HSBC, Britain's Largest Bank

Bloomberg News
WILEN, Switzerland — The financier Martin Ebner has bought a stake in HSBC Holdings PLC, Britain's biggest bank, suggesting that the man who has made a mission of teaching the Swiss to put shareholders first wants to make his mark elsewhere.

Mr. Ebner's investment funds bought 0.4 percent of HSBC, worth about 414.72 million Swiss francs (\$275.32 million) on June 30, and raised his holdings in drug makers Hoechst AG and Glaxo Wellcome PLC, as well as Britain's BOC Group PLC, the world's second-biggest maker of industrial gases.

HSBC shares rose 22 pence to 1.563 in London, while Glaxo rose 9.3 pence to 1.875 and BOC fell 4.5 pence to 859.5.

The interest in foreign companies came after the largest known shareholder of UBS AG pushed for that bank's \$29.3 billion merger with rival Swiss Bank Corp. last year — and strong-armed Credit Suisse Group into taking over Winterthur Insurance Co. for

\$10 billion in shares, helping to reshape Swiss financial services, the country's biggest and most important industry.

"Ebner likes to shake things up, and he has financial power to do so," said Eugen Mellinger, who helps manage \$140 billion in assets at Credit Suisse Asset Management in Zurich.

HSBC shares rose as much as 2.5 percent after Mr. Ebner, 52, said he was "convinced" that the bank, which owns Hongkong & Shanghai Banking Corp., Hong Kong's largest bank, would emerge "even stronger" from the financial turmoil in Southeast Asia.

Mr. Ebner's funds own shares worth about 20 billion Swiss francs (\$13.2 billion). Companies outside Switzerland account for about 19 percent of the investments by value, up from 11 percent at the end of last year.

In the first half of the year, Mr. Ebner's funds increased their stake in Hoechst AG, the world's ninth-biggest drugmaker, to 1.0 percent from 0.8 percent, and raised its

stake in Glaxo Wellcome to 0.4 percent from 0.3 percent.

However, Mr. Ebner cut his stakes in Credit Suisse Group and UBS AG, and sold a stake in Zurich Insurance Co., Europe's fourth-biggest insurer. He also reduced his stake in Roche Holding AG, the world's biggest diagnostics company and the 11th biggest drugmaker.

In Switzerland, Mr. Ebner is concentrating on industrial companies such as Alusuisse-Lonza Holding AG, a maker of packaging, chemicals and aluminum, and Asea Brown Boveri Ltd., the world's biggest electrical engineering company.

Mr. Ebner's funds own 11.6 percent of the voting rights in Alusuisse, 13.5 percent of votes in ABB AG, ABB's Swiss parent, and 2.3 percent of votes in ABB AB, the Swedish parent.

They also hold 12.9 percent of votes in Roche, 3 percent of UBS AG, the company formed from the merger of UBS and Swiss Bank Corp., and 3.7 percent of Credit Suisse.

Russian Index Surges on Hope of IMF Loans

Bloomberg Business News
MOSCOW — Russia's benchmark stock index rose Friday to a five-week high on expectations that the International Monetary Fund would give final approval to a package of loans.

Analysts said the index got a boost from Prime Minister Sergei Kiriyenko's promise that the government would impose a flat 20 percent value-added tax rate and other tax measures by decree to meet IMF criteria.

The fund board is expected to meet Monday to consider a \$22.6 billion loan package.

The Russian Trading System index rose by 6.63 percent, to 193.35, for a gain of 33.5 percent for the week. It is still down 51.2 percent this year, however.

meat Monday to consider a \$22.6 billion loan package.

The Russian Trading System index rose by 6.63 percent, to 193.35, for a gain of 33.5 percent for the week. It is still down 51.2 percent this year, however.

The Russian Trading System index rose by 6.63 percent, to 193.35, for a gain of 33.5 percent for the week. It is still down 51.2 percent this year, however.

Telecom Italia Seeks Link With BSkyB on Pay-TV

Bloomberg News
MILAN — Telecom Italia SpA said Friday that it was in talks with British Sky Broadcasting Group PLC, the largest pay-television company in Britain, and other broadcasters about linking up to develop the pay-television market in Italy.

Telecom Italia said it had decided whether the venture would involve selling a stake in its unprofitable Stream TV unit or bringing the new partner into a recently created joint venture with the biggest Italian television company, state-owned RAI SpA.

"Telecom Italia needs an ally with experience that could help it grow in Italy's cable and satellite TV, an attractive market that is just beginning to take off," said Paola Toschi, an analyst at AFV-Milla SIM in Milan. Selling a stake in Stream would be the most likely way to create such a link, she said.

Telecom Italia, the Italian telephone company, is seeking new partners for Stream because it is bogged down in disagreements with RAI about the investment plans and strategies of its venture. BSkyB tried to get a foothold in Italy in March, when it attempted to purchase the biggest private television

company in Italy, Mediaset SpA.

Those talks collapsed after the controlling shareholder of Mediaset, former Prime Minister Silvio Berlusconi, declined to relinquish most of his 50 percent stake in BSkyB, the holding company of the media magnate Rupert Murdoch.

For Telecom Italia, developing pay-TV and cable-TV services is a long-term strategy partially intended to block possible competitors from providing telephone services through television connections, Mrs. Toschi said.

Stream, which lost 194 billion lire (\$11.0 million) last year on sales of 12 billion lire, began offering satellite and cable service in early 1997. It had 70,000 subscribers in May, in a country of 57 million people.

Stream competes against Telepiù SpA, which has 1.1 million subscribers at its pay-TV and digital satellite services.

A deal between Telecom Italia and BSkyB would be a blow to Canal Plus SA of France, the largest pay-TV company in Europe, which owns 90 percent of Telepiù.

BSkyB had no immediate comment on the statement by Telecom Italia.

Van Cleef & Arpels May Be Sold

Bloomberg News
PARIS — Van Cleef & Arpels said Friday that after 102 years in business, it is in talks to sell itself to Italy's Fratini.

The luxury watch and jewelry maker, whose flag-

ship store is on Paris's lavish Place Vendôme, did not disclose the terms being discussed.

An agreement could come by the end of this year, a Van Cleef spokesman said.

WORLD STOCK MARKETS

Friday, July 17

Daily prices in local currencies.

Telecom

High Low Close Prev.

Amsterdam

High Low Close Prev.

Amsterdam

High Low Close Prev.

Amsterdam

High Low Close Prev.

Amsterdam

High Low Close Prev.

Amsterdam

High Low Close Prev.

Amsterdam

High Low Close Prev.

Amsterdam

High Low Close Prev.

Amsterdam

High Low Close Prev.

Amsterdam

High Low Close Prev.

Amsterdam

High Low Close Prev.

Amsterdam

High Low Close Prev.

Amsterdam

High Low Close Prev.

Amsterdam

High Low Close Prev.

Amsterdam

High Low Close Prev.

Amsterdam

High Low Close Prev.

Amsterdam

High Low Close Prev.

Amsterdam

High Low Close Prev.

Amsterdam

High Low Close Prev.

Amsterdam

High Low Close Prev.

Amsterdam

High Low Close Prev.

Amsterdam

High Low Close Prev.

Amsterdam

High Low Close Prev.

Amsterdam

High Low Close Prev.

Amsterdam

High Low Close Prev.

Amsterdam

High Low Close Prev.

Amsterdam

High Low Close Prev.

Amsterdam

High Low Close Prev.

Amsterdam

High Low Close Prev.

Amsterdam

High Low Close Prev.

Amsterdam

High Low Close Prev.

Amsterdam

High Low Close Prev.

Amsterdam

High Low Close Prev.

Amsterdam

High Low Close Prev.

Amsterdam

High Low Close Prev.

Amsterdam

High Low Close Prev.

Amsterdam

Johannesburg

Daily prices in local currencies.

Telecom

High Low Close Prev.

Johannesburg

High Low Close Prev.

Johannesburg

High Low Close Prev.

Johannesburg

High Low Close Prev.

Johannesburg

High Low Close Prev.

Johannesburg

High Low Close Prev.

Johannesburg

High Low Close Prev.

Johannesburg

High Low Close Prev.

Johannesburg

High Low Close Prev.

Johannesburg

High Low Close Prev.

Johannesburg

High Low Close Prev.

Johannesburg

High Low Close Prev.

Johannesburg

High Low Close Prev.

Johannesburg

High Low Close Prev.

Johannesburg

High Low Close Prev.

Johannesburg

High Low Close Prev.

Johannesburg

High Low Close Prev.

Johannesburg

High Low Close Prev.

Johannesburg

High Low Close Prev.

Johannesburg

High Low Close Prev.

Johannesburg

High Low Close Prev.

Johannesburg

High Low Close Prev.

Johannesburg

High Low Close Prev.

Johannesburg

High Low Close Prev.

Johannesburg

High Low Close Prev.

Johannesburg

High Low Close Prev.

Johannesburg

High Low Close Prev.

Johannesburg

High Low Close Prev.

Johannesburg

High Low Close Prev.

Johannesburg

High Low Close Prev.

Johannesburg

High Low Close Prev.

Johannesburg

High Low Close Prev.

Johannesburg

High Low Close Prev.

Johannesburg

High Low Close Prev.

Johannesburg

High Low Close Prev.

Johannesburg

High Low Close Prev.

Johannesburg

High Low Close Prev.

Johannesburg

London

Daily prices in local currencies.

Telecom

High Low Close Prev.

London

High Low Close Prev.

London

High Low Close Prev.

London

High Low Close Prev.

London

High Low Close Prev.

London

High Low Close Prev.

London

High Low Close Prev.

London

in Bad
Japanese

12 Month **51a**

Continued on Page 14

هذه أم الأصب

ASIA/PACIFIC

Surge in Bad Loans By Japanese Banks

Rise Is Due to Tougher Reporting Rules

TOKYO — Japan's banks and credit cooperatives, which provide loans mainly to their members, had a total of 35.2 trillion yen (\$253 billion) in bad loans as of the end of March, 25 percent more than at the end of September, the Financial Supervisory Agency, the country's new financial watchdog, announced Friday.

The surge in bad loans was due to stricter government rules on reporting that took effect this year, said an official of the supervisory agency. The new rules make banks calculate bad loans according to broader standards similar to those used by the U.S. Securities and Exchange Commission.

That boosted the bad-loan totals of some lenders such as Bank of Tokyo-Mitsubishi Ltd. by 60 percent.

Yet even the new standards do not show the true state of Japanese banks' books, analysts say. That is because the rules leave leeway for interpretation of what is bad, and it is difficult to check up on the banks' assessments.

"The standards are better than before, but there are still loopholes," said Yasuhiko Yabito, an analyst at Bear Stearns Ltd. of Japan. "There could well be banks that are claiming loans as 'performing,' even though the company is having trouble paying up."

Under the new bad-loan standards, Japanese banks have to report loans where no interest has been paid for three months, compared with the old standard of six months.

Financial institutions also have to include loans where the terms were changed to make repayment easier.

Under the old standard, banks had to call a loan "bad" only when they had lowered the interest rate below the discount rate of 0.5 percent.

Japan's 19 nationwide lenders accounted for most — 21.97 trillion yen, or 62 percent — of the bad-loan total. The 125 smaller regional banks added another 7.78 trillion yen in nonperforming loans.

According to those figures, an average of 5.4 percent of the banks' outstanding loans were bad.

Japan's thousands of tiny thrifts, which are still reporting under the old standards until next year, had a combined 5.4 trillion yen in bad loans, about 4 percent of total lending.

Japanese thrifts include such fi-

Tokyo Agency Urges Scrapping Of Lifetime Jobs

Compiled by Our Staff From Dispatch

TOKYO — In an effort to spur Japan's sluggish economy out of recession, the government's chief economic agency urged industries Friday to boost productivity by scrapping cherished practices such as lifetime employment.

The recommendation came in an unusually blunt assessment of the economy compiled by the Economic Planning Agency, which also urged the government to carry out further deregulation and major financial and tax reforms.

"Japanese corporations are now suffering from system fatigue," Akira Furukawa, director of the planning agency's domestic economy research bureau, said.

Citing a long-term downturn in industrial labor productivity, the agency stressed the need to give companies more flexibility over hiring and firing, but also for increasing the boardroom's accountability to shareholders.

Traditional practices such as seniority-based promotion and cozy corporate ties between related firms are not suited for promoting growth in important new fields such as software development, the report said.

"Japanese business relationships based on long-term, implicit contracts functioned well in an age when the advance consensus could be secured among parties concerned," it said. (AP, Bloomberg)



A man cleaning a Beijing building site Friday. Growth is needed to create jobs for millions of laid-off state workers.

China's Growth Slips To 7% in First Half

By Seth Faison
New York Times Service

BEIJING — China's economic growth slowed slightly in the first half of the year, but by weaker trading partners in Asia, but showed considerable strength overall.

The State Statistical Bureau, reporting half-year results, said Friday that the economy had grown 7.0 percent, lower than the government target of 8.0 percent, but unusually robust in a region that has been devastated by financial crisis. Exports and foreign investment continued to grow modestly.

Even though devaluations by many of China's neighbors have made their goods cheaper, exports grew 7.6 percent, to \$87 billion.

Dai Xianglong, governor of the central bank, said this week that Beijing would proceed with plans to increase the money supply to stimulate growth. In March, the Chinese leadership endorsed a plan to spend \$750 billion to \$1

trillion over the next three years on new roads, bridges and housing.

But even if ambitious spending measures are undertaken, they may not be able to start on a large enough scale this year to affect the overall growth rate.

Ye Zhen, a spokesman for the State Statistical Bureau, said that the domestic economy had been hurt by the Asian financial crisis, by sluggish domestic demand and by widespread summer flooding.

Exports to Southeast Asia, South Korea and Japan fell an average of 16 percent in the first half, but growing trade with the United States, Europe and Africa compensated, Mr. Ye said.

Foreign investment grew 5.5 percent in the first half, though annual foreign investment fell 1.3 percent. The leadership has encouraged banks to increase domestic loans, and Chinese economists say that doing so may still spur the 1998 growth rate to 8 percent. The economy grew 8.8 percent in 1997.

Executives Gloomier In Asia Poll

By Philip Segal
International Herald Tribune

HONG KONG — Top-level executives at companies in Asia have turned much more pessimistic over how long the region's economic crisis will last, with two-thirds of executives in South Korea and Japan predicting a recession of two years or more, according to a survey released Friday.

A poll of more than 400 chief executives, presidents and managing directors in 10 Asian economies, conducted by the executive recruiting firm Spencer Stuart, said that South Korean executives were the gloomiest in the region, with 69 percent predicting two years or more until economic recovery. In Japan, the figure was 60 percent, although the survey was done before June's abrupt plunge in the value of the yen and the political uncertainty now engulfing Japan.

Executives from all across the region have also turned gloomier. Just 10 percent of respondents claimed that the crisis had had no impact on their firms, with half claiming the crisis had hit them "badly."

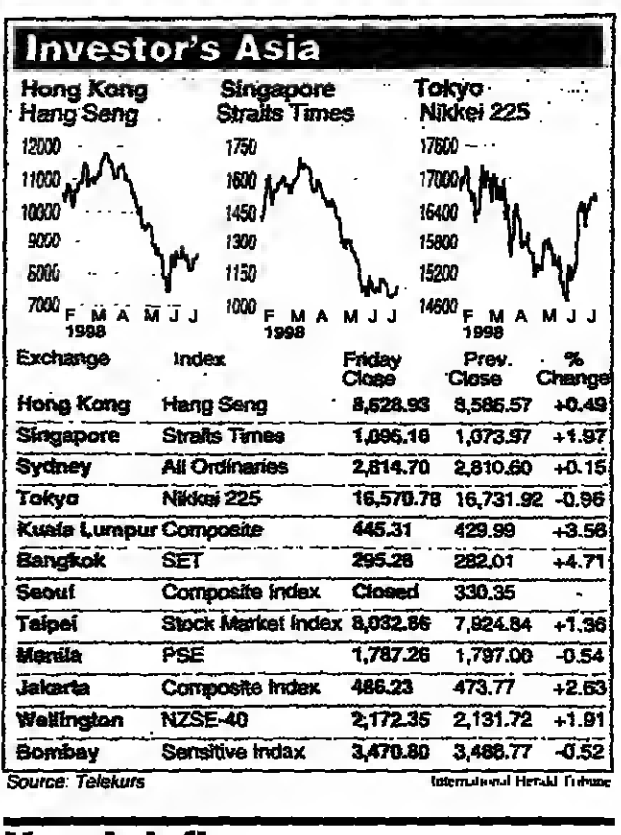
"The overall message is that everybody's hurting," said Martin Tang, managing director for Southeast Asia at Spencer Stuart.

South Korean manufacturers reported the biggest impact on 1998 sales, which were down an average of 14 percent, according to the survey. Revenue at the country's banks and other financial institutions was down 12 percent on average. Manufacturers in Malaysia also said sales would fall sharply, by more than 12 percent in the year.

The results are in marked contrast to a similar survey done in November of last year by Wirthlin Worldwide, the survey firm that did the current poll for Spencer Stuart. At the time, most executives said the economic crisis would last one year, but by January in a subsequent poll the prognosis for many had lengthened to two years.

By May, according to the latest survey, more than half the chief executives in Korea, Japan and Thailand said the turmoil would take more than two years to resolve itself.

The most optimistic executives in Asia were in Taiwan, where just 18 percent thought the downturn would last more than two years. The figure in Australia was 19 percent.



Very briefly:

- Indonesia's economy will shrink as much as 15 percent this year, inflation will skyrocket to 80 percent, and the number of people living in poverty could double, the World Bank said in its annual review of the country's economy.
- Thai Melon Textile Co., one of the largest textile manufacturers in Thailand, closed its factory because of financial problems, putting more than 5,000 people out of work.
- Compaq Computer Corp., the world's top maker of personal computers, said it could pare more workers in Asia as it melds its business with that of recently acquired Digital Equipment Corp.
- India's National Association of Software and Service Companies, which represents that country's software industry, said that a judgment by the New Delhi high court appeared to clear the way for private firms to provide Internet services.
- Tokyo Electron Ltd., the world's second-largest maker of equipment used to make microchips, said orders slumped 42 percent in the April-June quarter as makers of computer memory chips crimped spending on new machinery.
- Nissin Securities Co., an affiliate of New Japan Securities Co., has decided to close because of intensifying competition brought about by the deregulation of Japan's brokerage industry.
- NTT Mobile Communications Network Inc., Japan's largest cellular phone company, and Telecom Corp. of New Zealand have signed an agreement to jointly develop new mobile communications systems.
- The International Monetary Fund said it would take a flexible approach to Thailand's crisis-hit economy and backed government moves to lower interest rates.
- Malaysia's Securities Commission publicly scolded the largest shareholder of Perfect Food Industries Bhd. and banned three of its directors from buying or selling any shares for one year on the Kuala Lumpur Stock Exchange.

Bloomberg, Reuters, AP

VW: Moving Upscale, Chairman Piech Drives Beetle Company Into the Fast Lane

Continued from Page 9

good reason to push into the market for luxury cars, in part because Daimler-Benz AG is attacking downward with sub-compact like the Mercedes A-Class and the Smart car. And when Daimler announced its stunning agreement to take over Chrysler Corp., it instantly positioned itself to offer both mass and class.

Officially, Volkswagen has said it plans to bolster Rolls-Royce and Bentley production to 10,000 cars a year from 2,000. That would still be an almost negligible number, but many experts think it isn't the whole story.

Stephen Reitman, an auto-

mobile analyst at Merrill Lynch & Co., predicts that Mr. Piech also plans to develop a line of lower-cost Bentleys, which now sell for more than \$200,000 each. Mr. Reitman thinks Volkswagen will try to develop "Baby Bentleys" that would be closer in price to the \$120,000 top-line Mercedes S-Class sedan or the most expensive BMWs.

It is easy to imagine, Mr. Reitman said, that Volkswagen could produce as many as 30,000 to 40,000 Bentleys, Mercedes produces about 44,000 S-Class sedans in its peak years.

It remains far from clear, though, whether taking VW

so far upscale will work. Ford Motor Co. paid \$2.4 billion for Jaguar, the venerable British sports car manufacturer, and then invested more than \$6 billion to modernize it. Ford says Jaguar now turns a profit, though it won't say how much. Industry analysts say it is still tiny compared with the investment.

Mr. Piech is also nursing ambitions in the even more exclusive area of high-performance sports cars. At the Geneva Auto Show in the spring, Volkswagen introduced a concept car called the W-12 that looks like a Ferrari or a Maserati. In June came Audi's letter of intent to acquire Lamborghini, which

makes about 200 cars a year but will provide Volkswagen with an additional famous brand name.

Volkswagen's joint venture with Porsche to make sports utility vehicles is likely to prove more substantial. Volkswagen had long been eager to enter the joint venture, but Porsche executives were nervous about developing a vehicle that would be so different from their established line of high-priced sports cars.

Under an agreement announced last month, Porsche will assume most of the design work and Volkswagen will be responsible for the manufacturing. The two companies

hope to produce about 100,000 luxury sports utility vehicles starting in 2002.

About 80,000 would be produced for Volkswagen, which is expected to sell them for about \$55,000 each.

But all of these projects are tiny in comparison with Volkswagen's core car businesses, which provide the muscle for new ventures.

Mr. Piech, who joined Audi in 1972 and worked his way to the top of Volkswagen, was elevated to chairman in 1993 when the company was near financial collapse. Its costs were high, its quality had deteriorated and its plants were among the most inefficient in the industry.

Mr. Piech, an engineer by training, worked to lower costs and revitalize Volkswagen's various brands.

He recruited Jose Ignacio Lopez de Arriortua, head of purchasing for General Motors Corp., who had cut billions of dollars in costs by forcing suppliers to offer better prices.

Volkswagen's growth has been almost as remarkable as its previous decline. Revenues jumped to 113 billion Deutsche marks (\$201.8 billion), in 1997 from 80 billion DM in 1994, and analysts expect them to reach 127 billion DM this year. Net income climbed to 1.36 billion DM from 150 million DM and is expected to reach 2.8 billion DM this year.

Shares of Volkswagen, now trading around 181 DM, have risen fivefold since Mr. Piech took over.

But company executives and analysts predict that profits will climb even more quickly over the next year or

two. VW is consolidating its different models on four separate "platforms" — the interior components like the chassis, brake systems and electronics of a car. That saves money on parts, simplifies production and allows factories to shift more easily between models.

Mr. Piech has not worried much about creating the image of a nice guy — and he does not have one.

Although Volkswagen has acknowledged for some time that it used thousands of slave workers during World War II, when it was a chief weapons supplier for Adolf Hitler, Mr. Piech flatly refused to compensate victims. Earlier this month, under the threat of being sued, Volkswagen agreed to set up a fund.

He has angered rivals as well. When General Motors accumulated extensive evidence several years ago that

Mr. Lopez, its former purchasing chief, had taken reams of internal data with him when he joined Volkswagen, Mr. Piech dismissed the allegations until just a few days before he reached a billion-dollar out-of-court settlement.

■ Premium for a Beetle

Volkswagen said it would price its new Beetle at \$4,950 DM (\$19,570) in Europe, a 29 percent premium over its base price in the United States to cover the cost of additional features. Bloomberg News reported from Wolfsburg.

In Europe, the 2.0 liter, four-cylinder Beetle will come with anti-lock brakes, front and side airbags for driver and passenger as well as electronic balancing equipment as standard features, none of which is included in the basic U.S. version, which sells for \$15,200.

LET'S HAVE SOME QUIET HERE! By Nancy Salomon

ACROSS

- Pill popper's pop
- U's supposed to come first
- Rotating bodies
- On the decline?
- Old French colony
- Turned a deaf ear to
- Head man on ice?
- Envoys
- 10th anniversary gift
- African plains grazer
- India/Pakistan events
- Strip off
- Look of one needing a concupiscent
- Man to tell 'em what they want on many game shows
- College credits
- Christie detective
- Early "S.N.L." star
- "Out"
- Absent-minded barber's request?
- Light of the moon
- Lounging
- Here's one pour to the sun
- Wooler output
- Kind of bar
- Pine's predecessors
- Not doing well in a race
- Peeples of "North Shore, 1987"
- Sandwiches for desert
- Comparatively stewed
- Boat propellers
- Marabou, for one
- Make first
- Chan's silent "You got me?"
- Stand in
- They can go to blame
- C'mon, be—

DOWN

- Autograph
- Don't leave at the doorstep
- Kind of geometry
- Parting place
- Bonus mors
- Neighbor of Mo.
- Airline to Stockholm
- Rhine whine
- Electrical unit
- Stages have them
- Snatching point
- Test up the phone
- Light lager
- "T" size: Abbr.
- Worry
- Flood survivor's pet?
- Art Deco illusionist
- Got ready to drive, with "up"
- Old sit-in org.
- Aquarium staple
- Sandwich filler
-
- Vocally
- Reason to go back to school
- Formis grp.
- Pot constraints
- "The light dawned"
- Bruce of "Family Plot"
- Vaudeville dancer's accessory
- Ray of film
- Building blocks
- Milk: Prefix
- Old, wiser
- Snow, in Bordeaux
- Soprano Scott
- Welsh dog
- Old Dodge
- Purple-bered
- "Grows in Brooklyn"
- Gimlets and screwdrivers
- Hill (the brakes)
- Fast exodus
- European language of one million
- Czech's cousins
- Bag
- Opened
- Worrier's handful
- Abominable
- Snowman?
- Timeliness, in olden times
- Monthly occurrence
- Dewy
- "Did you"
- Off one's rocker
- Son of Vespaian
- Set upon
- Something to put on?
- Old English band
- Three oceans touch it
- Hungry feeling
- "— he in England"
- Sch. group
- Viper's sound
- Put two and two together
- Large amount
- Lassie's mate

© New York Times/Edited by Will Shortz.

Solution to Puzzle of July 11-12

ACROSS

- Pill popper's pop
- U's supposed to come first
- Rotating bodies
- On the decline?
- Old French colony
- Turned a deaf ear to
- Head man on ice?
- Envoys
- 10th anniversary gift
- African plains grazer
- India/Pakistan events
- Strip off
- Look of one needing a concupiscent
- Man to tell 'em what they want on many game shows
- College credits
- Christie detective
- Early "S.N.L." star
- "Out"
- Absent-minded barber's request?
- Light of the moon
- Lounging
- Here's one pour to the sun
- Wooler output
- Kind of bar
- Pine's predecessors
- Not doing well in a race
- Peeples of "North Shore, 1987"
- Sandwiches for desert
- Comparatively stewed
- Boat propellers
- Marabou, for one
- Make first
- Chan's silent "You got me?"
- Stand in
- They can go to blame
- C'mon, be—

DOWN

- Autograph
- Don't leave at the doorstep
- Kind of geometry
- Parting place
- Bonus mors
- Neighbor of Mo.
- Airline to Stockholm
- Rhine whine
- Electrical unit
- Stages have them
- Snatching point
- Test up the phone
- Light lager
- "T" size: Abbr.
- Worry
- Flood survivor's pet?
- Art Deco illusionist
- Got ready to drive, with "up"
- Old sit-in org.
- Aquarium staple
- Sandwich filler
-
- Vocally
- Reason to go back to school
- Formis grp.
- Pot constraints
- "The light dawned"
- Bruce of "Family Plot"
- Vaudeville dancer's accessory
- Ray of film
- Building blocks
- Milk: Prefix
- Old, wiser
- Snow, in Bordeaux
- Soprano Scott
- Welsh dog
- Old Dodge
- Purple-bered
- "Grows in Brooklyn"
- Gimlets and screwdrivers
- Hill (the brakes)
- Fast exodus
- European language of one million
- Czech's cousins
- Bag
- Opened
- Worrier's handful
- Abominable
- Snowman?
- Timeliness, in olden times
- Monthly occurrence
- Dewy
- "Did you"
- Off one's rocker
- Son of Vespaian
- Set upon
- Something to put on?
- Old English band
- Three oceans touch it
- Hungry feeling
- "— he in England"
- Sch. group
- Viper's sound
- Put two and two together
- Large amount
- Lassie's mate

PERKS: Employees Get More

Continued from Page 9

International Survey Research of Chicago, which has been measuring worker attitudes for two decades, found in its most recent surveys a sharp improvement in the mind-set of employees.

From 1988 to 1994, the percentage of workers who believed they could count on job security if they did a good job fell steadily from 73 percent to a low of 49 percent, but since then it has risen, and in the most recent survey it stood at 56 percent.

Worker-satisfaction numbers are still low compared with previous decades, but they are creeping up. The percentage of workers who said they were "frequently concerned" about being laid off fell in the past year. And the percentage of workers who believe their companies are giving them adequate perks in addition to pay has risen sharply in the past couple of years.

All of this has brought about a reversal of a trend that had developed during the 1990s: After several years of rising steadily, the share of national income that goes to corporate profits fell in recent months while the portion going to labor stopped declining, as it had for all of the 1990s, and began to rise slightly.

In fact, said Norwest Corp.'s chief economist, Sung Won Sohn, the figures on wages probably understate the improved workplace environment because they do

not include compensation that is not in the form of salaries, such as stock options and bonuses.

"Today, a great majority of manufacturing workers receive some kind of profit-sharing bonuses in addition to wages," said Mr. Sohn, who pointed out that nearly all of Norwest's 56,000 employees receive stock options.

There's another factor at work, too: rising productivity. A June survey of 600,000 businesses by the National Federation of Independent Business found strong demand for labor and a record percentage of firms that planned to raise their employees' salaries. Yet, only a small minority of firms surveyed had raised their prices.

What this means, said William Dunkelberg, chief economist at the federation, is that companies are getting a payoff from the huge rise in capital spending that its member companies have made in the past decade in terms of increased output per worker. If workers can produce more, the company can afford to pay them more.

"It must be that cost cutting and productivity are paying for all this," he said.

How long this can continue remains a question. Although there is some evidence the economy is slowing from the blistering pace in the first half of the year, a majority of businesses still expect to expand their payrolls in the coming 12 months.

The 1,000 most traded National Market securities.
In terms of dollar value, updated twice a year.
The Associated Press

DATE	TIME	LOCATION	DESCRIPTION	AMOUNT	CHECK NO.	DEBIT	CREDIT	BALANCE
12/15/2011	10:00 AM	ATM	ATM Withdrawal	100.00	1001	100.00		100.00
12/15/2011	10:00 AM	ATM	ATM Withdrawal	100.00	1002	100.00		200.00
12/15/2011	10:00 AM	ATM	ATM Withdrawal	100.00	1003	100.00		300.00
12/15/2011	10:00 AM	ATM	ATM Withdrawal	100.00	1004	100.00		400.00
12/15/2011	10:00 AM	ATM	ATM Withdrawal	100.00	1005	100.00		500.00
12/15/2011	10:00 AM	ATM	ATM Withdrawal	100.00	1006	100.00		600.00
12/15/2011	10:00 AM	ATM	ATM Withdrawal	100.00	1007	100.00		700.00
12/15/2011	10:00 AM	ATM	ATM Withdrawal	100.00	1008	100.00		800.00
12/15/2011	10:00 AM	ATM	ATM Withdrawal	100.00	1009	100.00		900.00
12/15/2011	10:00 AM	ATM	ATM Withdrawal	100.00	1010	100.00		1000.00
12/15/2011	10:00 AM	ATM	ATM Withdrawal	100.00	1011	100.00		1100.00
12/15/2011	10:00 AM	ATM	ATM Withdrawal	100.00	1012	100.00		1200.00
12/15/2011	10:00 AM	ATM	ATM Withdrawal	100.00	1013	100.00		1300.00
12/15/2011	10:00 AM	ATM	ATM Withdrawal	100.00	1014	100.00		1400.00
12/15/2011	10:00 AM	ATM	ATM Withdrawal	100.00	1015	100.00		1500.00
12/15/2011	10:00 AM	ATM	ATM Withdrawal	100.00	1016	100.00		1600.00
12/15/2011	10:00 AM	ATM	ATM Withdrawal	100.00	1017	100.00		1700.00
12/15/2011	10:00 AM	ATM	ATM Withdrawal	100.00	1018	100.00		1800.00
12/15/2011	10:00 AM	ATM	ATM Withdrawal	100.00	1019	100.00		1900.00
12/15/2011	10:00 AM	ATM	ATM Withdrawal	100.00	1020	100.00		2000.00
12/15/2011	10:00 AM	ATM	ATM Withdrawal	100.00	1021	100.00		2100.00
12/15/2011	10:00 AM	ATM	ATM Withdrawal	100.00	1022	100.00		2200.00
12/15/2011	10:00 AM	ATM	ATM Withdrawal	100.00	1023	100.00		2300.00
12/15/2011	10:00 AM	ATM	ATM Withdrawal	100.00	1024	100.00		2400.00
12/15/2011	10:00 AM	ATM	ATM Withdrawal	100.00	1025	100.00		2500.00
12/15/2011	10:00 AM	ATM	ATM Withdrawal	100.00	1026	100.00		2600.00
12/15/2011	10:00 AM	ATM	ATM Withdrawal	100.00	1027	100.00		2700.00
12/15/2011	10:00 AM	ATM	ATM Withdrawal	100.00	1028	100.00		2800.00
12/15/2011	10:00 AM	ATM	ATM Withdrawal	100.00	1029	100.00		2900.00
12/15/2011	10:00 AM	ATM	ATM Withdrawal	100.00	1030	100.00		3000.00
12/15/2011	10:00 AM	ATM	ATM Withdrawal	100.00	1031	100.00		3100.00
12/15/2011	10:00 AM	ATM	ATM Withdrawal	100.00	1032	100.00		3200.00
12/15/2011	10:00 AM	ATM	ATM Withdrawal	100.00	1033	100.00		3300.00
12/15/2011	10:00 AM	ATM	ATM Withdrawal	100.00	1034	100.00		3400.00
12/15/2011	10:00 AM	ATM	ATM Withdrawal	100.00	1035	100.00		3500.00
12/15/2011	10:00 AM	ATM	ATM Withdrawal	100.00	1036	100.00		3600.00
12/15/2011	10:00 AM	ATM	ATM Withdrawal	100.00	1037	100.00		3700.00
12/15/2011	10:00 AM	ATM	ATM Withdrawal	100.00	1038	100.00		3800.00
12/15/2011	10:00 AM	ATM	ATM Withdrawal	100.00	1039	100.00		3900.00
12/15/2011	10:00 AM	ATM	ATM Withdrawal	100.00	1040	100.00		4000.00
12/15/2011	10:00 AM	ATM	ATM Withdrawal	100.00	1041	100.00		4100.00
12/15/2011	10:00 AM	ATM	ATM Withdrawal	100.00	1042	100.00		4200.00
12/15/2011	10:00 AM	ATM	ATM Withdrawal	100.00	1043	100.00		4300.00
12/15/2011	10:00 AM	ATM	ATM Withdrawal	100.00	1044	100.00		4400.00
12/15/2011	10:00 AM	ATM	ATM Withdrawal	100.00	1045	100.00		4500.00
12/15/2011	10:00 AM	ATM	ATM Withdrawal	100.00	1046	100.00		4600.00
12/15/2011	10:00 AM	ATM	ATM Withdrawal	100.00	1047	100.00		4700.00
12/15/2011	10:00 AM	ATM	ATM Withdrawal	100.00	1048	100.00		4800.00
12/15/2011	10:00 AM	ATM	ATM Withdrawal	100.00	1049	100.00		4900.00
12/15/2011	10:00 AM	ATM	ATM Withdrawal	100.00	1050	100.00		5000.00
12/15/2011	10:00 AM	ATM	ATM Withdrawal	100.00	1051	100.00		5100.00
12/15/2011	10:00 AM	ATM	ATM Withdrawal	100.00	1052	100.00		5200.00
12/15/2011	10:00 AM	ATM	ATM Withdrawal	100.00	1053	100.00		5300.00
12/15/2011	10:00 AM	ATM	ATM Withdrawal	100.00	1054	100.00		5400.00
12/15/2011	10:00 AM	ATM	ATM Withdrawal	100.00	1055	100.00		5500.00
12/15/2011	10:00 AM	ATM	ATM Withdrawal	100.00	1056	100.00		5600.00
12/15/2011	10:00 AM	ATM	ATM Withdrawal	100.00	1057	100.00		5700.00
12/15/2011	10:00 AM	ATM	ATM Withdrawal	100.00	1058	100.00		5800.00
12/15/2011	10:00 AM	ATM	ATM Withdrawal	100.00	1059	100.00		5900.00
12/15/2011	10:00 AM	ATM	ATM Withdrawal	100.00	1060	100.00		6000.00
12/15/2011	10:00 AM	ATM	ATM Withdrawal	100.00	1061	100.00		6100.00
12/15/2011	10:00 AM	ATM	ATM Withdrawal	100.00	1062	100.00		6200.00
12/15/2011	10:00 AM	ATM	ATM Withdrawal	100.00	1063	100.00		6300.00
12/15/2011	10:00 AM	ATM	ATM Withdrawal	100.00	1064	100.00		6400.00
12/15/2011	10:00 AM	ATM	ATM Withdrawal	100.00	1065	100.00		6500.00
12/15/2011	10:00 AM	ATM	ATM Withdrawal	100.00	1066	100.00		6600.00
12/15/2011	10:00 AM	ATM	ATM Withdrawal	100.00	1067	100.00		6700.00
12/15/2011	10:00 AM	ATM	ATM Withdrawal	100.00	1068	100.00		6800.00
12/15/2011	10:00 AM	ATM	ATM Withdrawal	100.00	1069	100.00		6900.00
12/15/2011	10:00 AM	ATM	ATM Withdrawal	100.00	1070	100.00		7000.00
12/15/2011	10:00 AM	ATM	ATM Withdrawal	100.00	1071	100.00		7100.00
12/15/2011	10:00 AM	ATM	ATM Withdrawal	100.00	1072	100.00		7200.00
12/15/2011	10:00 AM	ATM	ATM Withdrawal	100.00	1073	100.00		7300.00
12/15/2011	10:00 AM	ATM	ATM Withdrawal	100.00	1074	100.00		7400.00
12/15/2011	10:00 AM	ATM	ATM Withdrawal	100.00	1075	100.00		7500.00
12/15/2011	10:00 AM	ATM	ATM Withdrawal	100.00	1076	100.00		7600.00
12/15/2011	10:00 AM	ATM	ATM Withdrawal	100.00	1077	100.00		7700.00
12/15/2011	10:00 AM	ATM	ATM Withdrawal	100.00	1078	100.00		7800.00
12/15/2011	10:00 AM	ATM	ATM Withdrawal	100.00	1079	100.00		7900.00
12/15/2011	10:00 AM	ATM	ATM Withdrawal	100.00	1080	100.00		8000.00
12/15/2011	10:00 AM	ATM	ATM Withdrawal	100.00	1081	100.00		8100.00
12/15/2011	10:00 AM	ATM	ATM Withdrawal	100.00	1082	100.00		8200.00
12/15/2011	10:00 AM	ATM	ATM Withdrawal	100.00	1083	100.00		8300.00
12/15/2011	10:00 AM	ATM	ATM Withdrawal	100.00	1084	100.00		8400.00
12/15/2011	10:00 AM	ATM	ATM Withdrawal	100.00	1085	100.00		8500.00
12/15/2011	10:00 AM	ATM	ATM Withdrawal	100.00	1086	100.00		8600.00
12/15/2011	10:00 AM	ATM	ATM Withdrawal	100.00	1087	100.00		8700.00
12/15/2011	10:00 AM	ATM	ATM Withdrawal	100.00	1088	100.00		8800.00
12/15/2011	10:00 AM	ATM	ATM Withdrawal	100.00	1089	100.00		8900.00
12/15/2011	10:00 AM	ATM	ATM Withdrawal	100.00	1090	100.00		9000.00
12/15/2011	10:00 AM	ATM	ATM Withdrawal	100.00	1091	100.00		9100.00
12/15/2011	10:00 AM	ATM	ATM Withdrawal	100.00	1092	100.00		9200.00
12/15/2011	10:00 AM	ATM	ATM Withdrawal	100.00	1093	100.00		9300.00
12/15/2011	10:00 AM	ATM	ATM Withdrawal	100.00	1094	100.00		9400.00
12/15/2011	10:00 AM	ATM	ATM Withdrawal	100.00	1095	100.00		9500.00
12/15/2011	10:00 AM	ATM	ATM Withdrawal	100.00	1096	100.00		9600.00
12/15/2011	10:00 AM	ATM	ATM Withdrawal	100.00	1097	100.00		9700.00
12/15/2011	10:00 AM	ATM	ATM Withdrawal	100.00	1098	100.00		9800.00
12/15/2011	10:00 AM	ATM	ATM Withdrawal	100.00	1099	100.00		9900.00
12/15/2011	10:00 AM	ATM	ATM Withdrawal	100.00	1100	100.00		10000.00

(Continued)

[illegible]

Wicket & Asiatic

Emerging Quarter Be

Quotations supplied by fund groups to Micropal Paris, t: 33-1 46 28 06 09, e-mail: info@micropal.fr
 information on how to list your fund, fax Katy Hourti at (33-1) 41 43 92 12 or E-mail : funds@lnt.com
 To receive free daily quotations for your funds by E-mail : subscribe at e-funds@lnt.com


Trading Board Market **After Volatile** **IFCASE** **my Stock** **Overdrive** **and Investors** **W**

The data in the list above is the raw, unprocessed data supplied by the fund groups to Microcap SA. It is collected and reformatted into the list before being transmitted to the FHT. Microcap and the FHT do not warrant the quality or accuracy of the list, the data or the performance of the funds of the Fund Groups and will not be liable for the list, the data or the performance of the funds of the Fund Groups to any extent. The list is not and shall not be deemed to be an offer by the FHT or Microcap to sell securities or investments of any kind. Investments can fall as well as rise. Past performance does not guarantee future success. It is advisable to seek advice from a qualified independent advisor before investing.

THE MONEY REPORT

Leading Bond Mutual Funds in the 2d Quarter

Total percent return in U.S. dollars, March 31 - June 30, 1998

U.S.	U.K.	France	Germany	Switzerland		
						
GMO: Bd/Alpha B: III 10.18 Amr Cent: Bann T2000: Inv 8.59 Rydco: US Govt Bond Fund 5.93 Amr Cent: Bann T2010: Inv 4.97 Sm Barney Invmt Grd: B 4.94 Group Average 1.25	Vanguard Fnd: Lg/Tm Treas 4.85 Vanguard Ldc Lng Bd 4.48 Rushmore: US Govt Bond 4.18 Monetary: Camborne Govt 3.98 Vanguard Fnd: Lg-Tm Corp 3.93 Group Average 1.25	ES-Inv Bd 20 C 11.08 Swissco Bond ESP 8.77 BBL (F) Renta-PRF C 7.31 BBL Renta-OfP2004DM 5.55 BBL Renta-OfP2004NG 5.44 Group Average 0.94	ABN AMRO High Income 6.77 CLIPPIT Preference Inc 6.54 Dreadner RCM Preference Inc 5.37 North British Index Link GBL 4.91 Henderson Preference & Bond 4.76 Johnson Fry Monthly Income 4.50 United Friendly Index Link GBL 4.36 Pratt & Pugh & Pugh Interest 4.34 Group Average 1.97	Royale Options 8.57 Top Titinistrel 6.00 Optigest Fixed Income Sub Funds 5.25 Quadrat Obligatoire 4.86 Victoire Ombria 4.80 CA Option Modération (C) 4.32 Hausmann Multirevenue 4.18 Provence Obligatoire (C) 3.99 Parnasse Cap 3.88 CL Inter Obligations 3.85 Group Average 2.13	DKU Fonds 6.02 Konzert Privat 5.26 MB-International-DVG 5.20 LVM Fonds Union 5.18 BWK-Rent O 4.72 Adriatic 4.68 DWS Daut Rent Lng O 4.56 Uni Bond L 4.49 CS Bond Dynamic DEM 4.26 Group Average 3.10	Lloyds Govt Bd-OAX 11.12 RZB Dollar Bonds 6.82 RZB SFR Bonds 3.97 RZB DM Bonds 3.84 SBC Bd Selection DEM 3.83 UBS Bd Inv-NLG 3.79 UBS Bd Inv-DEM 3.78 SBC Bd Selection XEU 3.77 SBC Bd Selection NLG 3.73 CS Bond Dynamic DEM 3.66 Group Average 1.02

Source: Lipper Analytical Services; Europerformance (France); Reuters Hestlight (Britain).

After Volatile Quarter, Asia and Russia Remain the Biggest Uncertainties

Continued from Page 15

economists had "generally lengthened estimates of when Asia will get better," Mr. Craig said that investments in economically sensitive industries "were reduced pretty much across the board a long time ago."

The five Janus-managed funds, which had returns of 10.3 percent to 14.5 percent, invest primarily in American companies, but the best U.S.-dominated funds were those investing in Europe, with the average rising 6.3 percent. Of the 20 best-performing stock funds, eight made their fortunes across the Atlantic.

Europe figured even more prominently among the leading equity funds domiciled offshore and in Britain, with 17 of the top 20 offshore funds targeting the region. Of the 20 best British funds, 18 invested in Continental Europe and the other two invested in the home market.

Four of the leading British funds—three European regional funds and one investing in France—are managed by Invesco Asset Management. Tony Broccardo, Invesco's head of asset allocation, credited the funds' success to investments in software companies, including SAP AG of Germany; telecommunications companies, especially

those in the cellular business such as Mannesmann AG, and companies in information-technology services, notably Cap Gemini SA of France. Industries Invesco avoided, as Janus did, were those sensitive to economic cycles, such as chemicals, steel and oil.

Invesco bet heavily on Europe in other funds, not just the regional specialists, Mr. Broccardo said.

"We've been running a very overweight position in Continental Europe in our global funds that has been very useful this year," he said. "Europe is likely to generate more than double the earnings growth of any other region this year. The dynamics are focusing us on companies that have been able to grow earnings despite the sluggish economic environment we've had in recent years."

IN CONTRAST to the United States, the strength in Europe extends to small companies, he said. "We take the view that there is real, positive change happening in Europe. You can see it in the performance of stocks through the capitalization scale."

"There is developing within Europe a set of smaller, more focused companies in new industries that are being

recognized by the marketplace."

One small market recognized by investors in the last quarter was Belgium. Six of the nine best offshore equity funds specialized in the country, each returning more than 20 percent.

"We've had pretty sizable takeovers and mergers between Belgian large-caps," Bruno Springael, head of equity fund management at Banque Bruxelles Lambert SA, said, explaining the Belgian market's performance. "It helped a lot."

Many of the big corporate deals have involved financial services companies, including BBL, which was acquired by ING Groep NV. The industry's restructuring helped the BBL-Invest High-Yield fund to gain 24.1 percent in the second quarter. The fund's brief is to buy companies that pay higher-than-average dividends, such as banks, insurance companies and utilities. It and a second BBL fund were among the offshore leaders.

Another reason Belgium outperformed other markets, Mr. Springael said, is that "the Belgian retail investor is finally showing massive interest in equities."

Are they buying at the top, as neophyte shareholders often do? "I'm not

sure they're coming in at the top, but they're coming in pretty high," Mr. Springael said. "They would have done better coming in three years ago. But as long as rates don't rise significantly, the move won't stop suddenly."

Interest rates have been falling for several years around the world, a trend that continued in the second quarter. But with Asia and other developing markets in trouble and threatening to slow global economic growth, the best bond funds targeted high-quality issues, not the high yields that had done well in other periods such as emerging-market instruments or low-grade corporate debt in developed countries.

The 20 best U.S.-domiciled bond funds invested in Treasury or other government paper or high-grade corporate issues, including four funds managed by Vanguard Group.

"We had a pretty reasonable drop in rates, 30 basis points," or 0.30 of a percentage point, Jeff Molitor, who monitors fund performance for Vanguard, pointed out. That most benefited funds such as Vanguard's four, which own bonds with long maturities that make them highly sensitive to declining rates. Also helping the Vanguard funds,

Mr. Molitor said, was the fact that they did not own any debt backed by mortgages. In times of rapidly falling rates, people refinance their mortgages. Owners of securities backed by those mortgages get their capital back earlier than planned and face a market with reduced interest rates in which to put their money back to work.

THE GREATEST sources of uncertainty are likely to remain Asia and Russia, which is far from out of the woods even after the bailout deal with the International Monetary Fund that was announced a few days ago.

"Russia's a real wild card," Mr. Molitor warned. "Default is not something factored into the market. The impact of Asia was underestimated last year. What we've seen is a series of shoes dropping. What's going to be the next one? That's a concern of a lot of investors now."

Equity investors are doing the same, fleeing emerging markets and Japan for European and U.S. blue chips, the only stock deemed dependable in a period of shaky economic and financial conditions. How reliable they are, however, depends on developments in the mar-

kets investors think they have escaped. The trouble in Asia does not deter analysts at Salomon Smith Barney from predicting that the U.S. economy will grow strong enough later in the year to compel the Federal Reserve Board to tighten credit. This would produce "a high probability of a decline in U.S. stock prices before the year is out."

A contrasting scenario is offered by Barton Biggs, the equity strategist at Morgan Stanley, Dean Winer, Discover & Co. He has long maintained that the Asia meltdown heralds a trend of global deflation that ultimately will damage the presumed investment heavens.

"The scary aspect of the fall of the yen and the Asian emerging-market crisis is that it is so contagious," he said in a recent note to investors. "The Asian crisis is not over, and its pernicious effect on the rest of the world is just beginning to become evident. I continue to feel that the principal risks are not excessive growth, a resumption of inflation and higher interest rates, but rather lack of growth, creeping deflation and substantial profit shortfalls."

"That's a potentially lethal combination if superimposed on a leveraged corporate economy and stock markets priced for perfection."

BRIEF CASE

Fuji Heavy Stock Shifts to Overdrive

Its corporate name may not have the cachet of its automaking rivals Toyota and Honda, but Fuji Heavy Industries Ltd. is having a spectacular year on the Tokyo Stock Exchange. The maker of Subaru cars has seen its share price more than double this year in a stock market where single-digit percentage gains are the 1998 norm.

Fuji Heavy's stock has had a bumpy ride, however, since it was discussed in the Money Report in April 1997 and was trading at 585 yen. After a quick move above 600, the stock tumbled to a closing low of 313 on Dec. 24.

Yoshio Watanabe, an analyst who follows the auto industry for Industrial Bank of Japan and who recommended the stock to Money Report readers, said Fuji Heavy's shares suffered when the company failed to recall some of its cars—including its flagship Legacy model—after minor defects in seats and other parts of the automobiles were reported by users last fall. The market

punished the stock when the Ministry of Transportation imposed a penalty on the carmaker for its failure to report the defects and recall the cars, as it is required to do.

But once the company cleared up the issue, the stock rebounded, and brisk sales of Subarus in the United States provided further momentum.

Other than the recall scandal, Mr. Watanabe said the scenario for Fuji Heavy's rise as an internationally competitive automaker has not changed since the spring. His case for the company's growth potential reflected its recent success in focused marketing and global business deployment that reduced profit risks.

Fuji Heavy gave up certain types of passenger and wagon cars in the past couple of years and focused on a more limited range of products, mostly four-wheel-drive vehicles. When its lineup was spread too thin, it competed unsuccessfully with Toyota and Honda, pressuring its profit margins.

On the other hand, Fuji Heavy's widening market base in the United States and Europe limits its vulnerability to sluggish domestic demand,

said Mr. Watanabe.

The stock crossed the 700 yen level in June for the first time since 1990, and some analysts in Tokyo think it has further upside potential because of the effects of weakening yen. (IHT)

Schwab Nets On-Line Investors

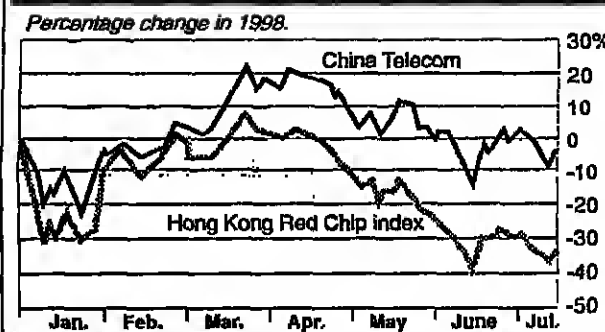
Charles Schwab Corp. is now an Internet company. The U.S.-based discount brokerage said this week that 52 percent of its trading volume in the second quarter occurred on-line, up from 36 percent in the corresponding period of 1997.

The company did not provide international details, but a spokesman said that anecdotal evidence indicated that on-line trading was popular outside the United States as well as domestically.

The company's net income rose 19 percent in the quarter, to \$76.3 million, and its stock started behaving like a true Internet issue. Before the earnings were announced on Thursday, it was priced at \$35.125; on Friday afternoon it was up to \$38.875. (IHT)

In China, Bright Spots Are Few and Far Between

China Telecom: Ahead of the Pack



Source: Bloomberg

Continued from Page 15

Until these issues are addressed, Mr. Pintel and Mr. Leong said, significant growth will be nearly impossible for the bulk of these securities.

The Chinese government, keenly aware of this, has begun implementing positive but painful banking and business reforms such as putting an end to interest-free loans and subsidized housing. While the moves are welcome, Mr. Leong said, it could be five years before significant earnings growth among the bulk of Chinese securities are seen.

The sole exception, the analysts said, is China Telecom. The company is a so-called red-chip—a mainland-government-controlled corporation registered in Hong Kong—that offers mobile-telephone services in the provinces of Guangdong and Zhejiang. Not only does it offer the potential for rising earnings, Mr. Leong said, but it may be a bargain at its current price of 12.90 Hong Kong dollars (\$1.66). "It's a monopoly that is trading at a 20 to 25

percent discount to its peers around the world," he said.

While China Telecom is expected to post flat earnings-per-share growth this year, Merrill Lynch is projecting an increase of 22 percent for next year, an extremely optimistic forecast for a Chinese security. Five-year projections estimate an average annual growth rate of 18 percent.

Why such a sanguine outlook? The Chinese mobile-telephone market is booming, with the number of subscribers in the country expected to reach 22 million this year, up from 14 million at the end of 1997, Bloomberg News reported.

Moreover, as a state-run monopoly, China Telecom continues to see its subscriber base increase. Its recent acquisition of Jiangsu Mobile for \$2.9 billion, or \$2,600 per Jiangsu subscriber, is being perceived as a major bargain by investors.

After China Telecom, which has American depositary receipts listed on the New York Stock Exchange in addition to its Hong Kong list-

ing, the pickings in the country turn slim. While some analysts say there are a few companies worth keeping an eye on, and that valuations have fallen to levels that might seem enticing, many add that the weak economic outlook makes the present a questionable time to buy.

One possibility, said Mr. Leong, is Zhenhai Refinery & Chemical Co., an H-share. The company, the third-largest refinery in China, produces a host of petroleum products including jet fuel—which offers a high profit margin—liquified petroleum and unleaded gasoline.

Another is Guangdong Kelon Electrical Holdings Co., a household-appliance maker with an H-share listing. The company, for which Merrill Lynch is forecasting unit-sales growth of 33 percent in 1998, owns a huge chunk of the Chinese refrigerator market and is aggressively selling to other developing-country markets.

Legend Holding Ltd., a red-chip that is China's biggest personal-computer maker, is another company with long-term potential. The caveat is that while the company has been able to displace many big-name overseas brands, it suffers from the same margin pressure and cutthroat pricing that they do.

Sam Wong, senior research analyst for Credit Suisse First Boston Hong Kong Ltd., likes Jiangsu Expressway Co. and Shenzhen Expressway Co. These two infrastructure

stocks, both listed as H-shares, are major participants in the Chinese government's frenetic push to build new highways across the country.

Mr. Wong said these highway projects were not subject to export problems or currency devaluations. These

stocks, said Mr. Wong, are selling at no more than half their book value, with estimated earnings growth for the year in the 20 percent range.

FOR MORE INFORMATION on Chinese equities, visit the Investor Asia website at www.investorasia.com

Fund Investors Gain an Edge

By Carole Gould

WITH THE PACE of mergers and acquisitions among fund-management companies red hot, shareholder activists want to make sure investors share in any resulting profits. One closed-end fund activist has found a way to help make sure they do so.

The idea is simple. When fund companies are acquired, management must ask shareholders to approve new advisory agreements, giving the investors unusual leverage.

George Karpus, an investment adviser in Pittsford, New York, who specializes in closed-end bond funds, used this leverage in a recent challenge involving six of the nine taxable bond funds run by Piper Capital Management. "If they're going to make all that money in the merger," he said, "they should take care of the shareholders, too."

Mr. Karpus, who owns significant stakes in seven Piper funds, added, "Now we've got a lever."

Closed-end fund specialists said his shrewd maneuvering was breaking ground in the industry, as increasingly sophisticated investors look for ways to challenge management companies when shares trade at discounts to the value of their holdings.

Unlike open-ended mutual funds, whose unlimited shares are bought and sold at the value of their assets, closed-end funds have a set number of shares that are traded on stock markets. Although shares can trade at a premium to the value of the securities held by the funds, they typically trade at discounts to net-asset value. When the discount widens, shareholders take notice.

"Wide discounts are attracting more sophisticated investors to closed-end funds," said Cecilia Gondor, executive vice president of Thomas J. Herzfeld Advisors, a closed-end fund specialist in Miami. "It is inevitable that we will see increasingly creative ways of persuading management to narrow persistent discounts."

In December, Piper Jaffray Cos. agreed

to be acquired by U.S. Bancorp, requiring the Piper Capital Management subsidiary to ask shareholders in each of its funds to approve a new advisory contract.

The following month, Mr. Karpus filed a shareholder proposal recommending that his company, Karpus Investment Management, be hired as replacement manager for six Piper funds—American Select Portfolio, American Strategic Income Portfolios II and III, American Opportunity Income, American Government Income Portfolio and the Americas Income Trust—setting the stage for a proxy battle. His goal was to force Piper to deal with the discounts.

The funds had long traded at discounts; Americas Income Trust, for example, had a discount as deep as 19 percent last year, while those for the American Select Portfolio and Strategic Income Portfolio II hit 15 percent, Ms. Gondor said.

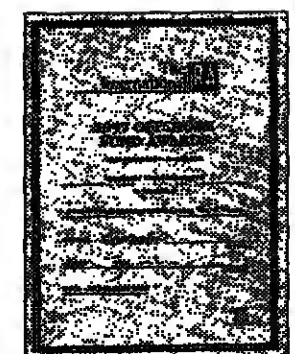
Mindful of an unresolved shareholder dispute involving the Zurich Group's acquisition of Scudder, Piper sought to avoid a similar proxy fight with Mr. Karpus's group by announcing in March steps that management would take to narrow the discounts in the American Strategic Income Portfolios II and III and in the American Select Portfolio—provided that shareholders approve the new investment contracts related to the merger.

Piper would ask the Securities and Exchange Commission to allow each fund to make annual repurchase offers of up to 10 percent of the outstanding shares if the discount exceeded 5 percent in a specified 12-week period. Otherwise, the funds would buy up to 10 percent of each of the funds' outstanding shares in December 1999 and December 2001, if the average discount exceeded 5 percent during the 12 calendar weeks preceding Oct. 1 of those years.

Another way to deal with discounts is to open the funds. In April, the Piper board approved the conversion of three funds into a single open-end fund.

New York Times Service

North Star The Top Fund Manager*



North Star Fund Managers (Cayman) Limited

Cayman
Tel: 001 345 945 73 10
Fax: 001 345 945 73 11
E-mail: nstar@candw.ly

Spain
Tel: 00 34 952 46 44 77
Fax: 00 34 952 46 45 86



*North Star was ranked No.1 Off-shore Fund Manager of 1997 for 3 years performance by the two FT publications The International and Resident Abroad out of 104 international Fund Managers. North Star was also voted No.1 for 1995 and No.2 for 1996 by the same publications.

Further information: Websites with North Star prices/performance: www.ft.com www.lipperweb.com www.micropal.com www.iht.com

OCRA
THE WORLD'S LEADING OFFSHORE COMPANY SPECIALISTS

Since 1975 our worldwide team of over 275 multi-disciplined professionals have specialised in providing confidential and cost effective company formation in the world's major low tax areas.

For immediate service & enquiry, contact:

ISLE OF MAN - B. MONK Base CA
OVERSEAS COMPANY REGISTRATION AGENTS LTD
Compass House, Tower Street, Ramsey,
Isle of Man, British Isles, IM9 4AN
E-mail: info@ocra.com
TEL: +44 1624 815544
FAX: +44 1624 817076
LUXEMBOURG - EVELINE KAHLS
19 Rue Albrecht, L-1118 Luxembourg
Tel: +352 224 288 Fax: +352 224 287

MAURITIUS - ASHOK BACHA ACCA
Happy World House, St. William,
Newmarket Street, Port Louis, Mauritius
Tel: +230 211 5100 Fax: +230 211 5400

SEYCHELLES - DEBRA ALAUSA
303 Aurore Chambers, Mont Fleuri,
P.O. Box 983, Mahé, Seychelles
Tel: +248 255555 Fax: +248 229999

SINGAPORE - DIANA BEAN
24 Raffles Place, 26-04, Offshore Centre,
Singapore 048621
Tel: +65 535 3382 Fax: +65 535 3991

HONG KONG
RAYMOND CHOW, MIRA ALIA (DPS)
2402, Bank of America Tower,
12 Harbour Rd, Hong Kong
Tel: +852 822 8172 Fax: +852 251 1150

P. R. CHINA - BART DEKOR, LLM
305 Shanghai Overseas Chinese
Mansion, 129 Yan An Road West,
Shanghai 200040, P. R. China
Tel: +86 21 626 4255 Fax: +86 21 626 4241

SHANGHAI - RICHARD WILSON, FRICS
Czech Republic, Russia and Sweden
ALL MAJOR CREDIT CARDS ACCEPTED

www.ocra.com

SHOREX 98

The International Money Show & Conference

20-22 October 1998
Business Design Centre, London

Shorex 98 is the only Europe-based international financial exhibition and conference. The event is the world's leading forum for international financial institutions, fund managers and financial services providers.

Shorex 98 brings to the exhibitors an unparalleled audience of high quality intermediaries, entrepreneurs, private and institutional investors, high net worth individuals and their advisors. If you provide financial services or asset management for international clients, Shorex 98 is the premier exhibition where you will increase the profile of your organisation, network with intermediaries, and meet new clients face to face.

For more information, please contact
Shorex Ltd on:
Tel: 44 171 482 1000
Fax: 44 171 482 1100
E-Mail: info@shorex.com

UK Media Sponsor

The Daily Telegraph

Legal Sponsor

Stephenson Harwood

International Media Sponsor

Herald Tribune

Herald Tribune SPORTS

SATURDAY-SUNDAY, JULY 18-19, 1998

PAGE 18

WORLD ROUNDUP

Ronaldo Speaks

SOCCER — Ronaldo said Friday that he was being made the scapegoat for Brazil's World Cup final defeat by France. "Somebody has to be responsible, and people are trying to find a way to blame it on me," he told Globo television in Sao Paulo. Ronaldo, 21, said his decision to play in the final last Sunday, despite being ill just hours before kickoff, was "based on good intentions, only to help the team." He admitted that he suffered a convulsion before the final. "Why lie?" he said. "What happened to me could happen to anyone." He said that he had not taken pain-killing injections. (Reuters)

Guerrouj Short by Stride

ATHLETICS Hicham Guerrouj of Morocco just failed to break the mile world record, which has been held for five years by Noureddine Morceli. Running at a meet in Nice on Thursday, Guerrouj clocked 3 minutes, 44.60 seconds, about a stride slower than Morceli's 3:44.39, posted in September 1993. (AP)

Jordan Sticks to His Guns

BASKETBALL Michael Jordan has stopped just short of announcing his retirement, saying again that he does not want to play for another coach or with a team other than the Bulls. "I've always said I won't play without Phil Jackson," he said. "I just haven't made it official yet." (AP)



Jordan won't make announcement until NBA lockout ends.

Johnson Fires A One-Hitter

The Associated Press
For a night, all was right in Seattle with the Mariners. After fans lined up outside the Kingdome to get their heads shaved on Jay Buhner Buzz Cut Night, they went inside and saw Ken Griffey Jr. make another amazing catch and Randy Johnson pitch a masterpiece. One baseball's biggest disappointments this season, the Mariners finally played like the team many picked to win it all in '98. Johnson took a no-hitter into the eighth inning before giving up a one-out single to Brent Gates and finished with a one-hitter as the Mariners defeated the Minnesota Twins, 3-0, on Thursday night. Johnson finished with his third career one-hitter and might have finally convinced the Mariners to sign him to a long-term contract. In other AL games, it was the Baltimore Orioles 6, Texas Rangers 3; Detroit Tigers 3, New York Yankees 1; Boston Red Sox 15, Cleveland Indians 5; Tampa Bay Devil Rays 8, California Angels 1; Oakland Athletics 5, Kansas City Royals 3; Toronto Blue Jays 5, Chicago White Sox 2. In the National League, Greg Maddux became the NL's first 13-game winner as the Atlanta Braves beat the Milwaukee Brewers, 4-3. Maddux (13-3) limited the Brewers to four hits and one earned run in 6½ innings, keeping his ERA at a major league best 1.57. In other NL games, it was Philadelphia Phillies 4, New York Mets 2; Los Angeles Dodgers 8, St. Louis Cardinals 2; Montreal Expos 10, Pittsburgh Pirates 5.

Journeyman on Top in British Open

Woods, Price and Amateur Lurk a Shot Back in Wind and Rain

By Leonard Shapiro
Washington Post Service

SOUTHPORT, England — Tiger Woods and most of the world's finest players were often left twisting in the wicked winds on Friday as Royal Birkdale transformed from docile to demon overnight, throwing a double dose of early morning rain and late afternoon 35-mile-an-hour gusts at the flailing field in the 127th British Open.

By day's end, many of the first-round leaders had free-fallen down or totally off the mercurial leaderboard, replaced at the very top by a journeyman American, Brian Watts, now a regular on the

BRITISH OPEN

Japanese Tour who has missed the cut in three of his previous five Opens. Still, the 32-year-old from Edmond, Oklahoma, shot 69 for a three-under total of 137. That was good for a one-stroke lead over Woods, who birdied his last two holes for a 73-138; Nick Price of Zimbabwe, with a six-foot eagle putt at the 17th for a 72, and Justin Rose, a fearless 17-year-old English amateur who posted a stunning 66, the best performance of the day and his life on a wild weather thrill ride by the Irish Sea.

Woods, the first-round co-leader along with a fellow American, John Huston,

began badly with two straight bogeys, three in his first six holes. He was four-over after 10 when play was suspended for 30 minutes because of gathering ominous storm clouds at 5:30 P.M.

Woods managed to right himself on the back nine, making his only two birdies of the round on the last two holes. Huston shot 77-142 in a round that included six bogeys and a double at the 480-yard sixth hole, a brutish monster played dead into the wind.

Sweden's Thomas Bjorn, with a birdie at 17, was the only other player under par after 36 holes with a 71-139. Watts has never finished better than 40th in this event and had no expectations of doing much better after playing poorly in the practice rounds. Watts has competed in Japan full time since 1994, maintaining a home in Oklahoma and commuting back and forth to his wife and year-old son about seven times a year. He has won 10 events there, still doesn't speak the language but does most of his talking with his clubs, evidenced by his status as the only man in the field with two rounds in the 60s.

"It was really tough out there," Watts said. "I can't say I enjoyed playing in it, but I deal with it as it comes." Rose was born in South Africa and moved to England when he was five. He got in the field through qualifying last Sunday and Monday and said he never

looked at the scoreboard until he walked up the 18th hole to a huge ovation. His four-under 66 also equaled the lowest round ever recorded by an amateur in the Open.

He finished by making a 10-foot putt for eagle at the 547-yard downwind 17th, then a 20-footer for birdie at the 472-yard 18th.

"My aim was to come out here today, have a good round and make the cut," said Rose, adding that Price, the man he was tied with, has been his role model. "I wasn't worried about the conditions. My caddy and I were choosing the right shots. I was thinking clearly and luckily hitting the shots I wanted to hit and then holing the putts at the end of it."

Price, a shot off the lead himself at the start of play, briefly held the lead Friday at four-under after paring his first five holes. But then a stretch of three bogeys in five holes hardly helped his quest for a second British title.

Conditions were severe throughout what had to be one of the more bizarre rounds in British Open history. Just ask John Daly. He needed five shots to get out of a fairway bunker at the 18th hole, and had to ask his playing partners, Payne Stewart and Bernhard Langer, to help him add up his total for the hole. When they stopped counting, they put a 10 on his scorecard, and Daly had missed the cut with a 78-151.



An unhappy Tiger Woods after driving on No. 9, but things picked up.

A Weather-Beaten Mister Woods Hangs In There and Grinds It Out

By Christopher Clarey
International Herald Tribune

SOUTHPORT, England — A 17-year-old named Justin Rose had just shot 66 in very nasty weather at the British Open on Friday, and now someone was telling him that his score had equaled the amateur record held by Frank Snodgrass and Tiger Woods.

"Really? Mister Woods?" asked Rose with delight. "That's obviously some feat to equal any record by him."

But while Rose, the respectful teenager, took a star turn inside the clubhouse, Mister Woods, all of 22, was still on the course on Friday at Royal Birkdale attempting to keep his head above par.

He would succeed with difficulty, finishing with a 73 that left him two-under par after two rounds. Woods had started the day with a share of the lead after playing a marvelously controlled, and opportunistic opening round in benign conditions, but Friday was a day straight out of central British Open cast-

ing: blustery and soggy enough to make you lose your nerve or, in the case of John Daly on the 18th hole, your wits.

Unlike Daly, Woods would not end up flailing away at a backsliding ball in a pot bunker, but he, too, would lose plenty of ground in the second round.

Instead of roaring and exhorting, the huge gallery that followed Woods and Nick Price throughout the late afternoon and early evening would spend most of its time moaning, groaning or suffering in silence.

Woods would drop four shots on the front nine, finishing it with a 38, but he would drop no more on the back nine. When the last divot had landed, he was one shot behind Brian Watts and even with Price and Mister Rose.

If Woods' 74 indicates that he still has much to learn about links golf in typically English conditions, he actually acquitted himself quite well from tee to green. The sharpest thorn in his side on Friday would not be the gorse that lines this course: it would be putting. Though

Woods' good friend Mark O'Meara had to problems with his putter, shooting an admirable 68, Woods would not be so fortunate with the putter he borrowed from O'Meara.

After bogeying the opening hole, he bogeyed the second after his 2-foot putt curled around the lip and refused to fall. The 480-yard, par-4 sixth, traditionally the most difficult hole on this difficult course, was an excellent indicator of the strength of the wind. Even with a driver and a three-iron Woods could not reach the green. His chip also stopped short in the headwind, as did his five-foot par putt.

But there also would be occasions where Woods showed that he has inched up the learning curve since finishing in a tie for 24th at Royal Troon last year.

On the eighth, with a strong following wind, he did not attempt to loft his approach shot. Instead, he hit a classic, chip-and-run shot that bounced several times in the fairway before coming to a halt 12 feet from the hole. That would

give him a rare birdie opportunity, but this would be a day when as fellow American Payne Stewart put it, "par means something."

Woods would miss his birdie putt, and after bogeying the par-4 ninth, he would miss another birdie putt from approximately 8 feet on the 11th. This time, he had an excellent excuse. The wind was gathering speed: the sky full of cumulus clouds that England's John Constable might have painted had given way to something dark and ominous enough to have caught Jacob van Rysdael's eye.

As Woods prepared to putt, a stray piece of paper skipped across the green at an astonishing clip, and his putt also appeared to catch the wind, veering right and staying above ground. Woods looked up in the gathering squall, shook his head and smiled. It was a good sign on a day when it was hard to read the signs, and shortly after Per-Ulrik Johansson, the other member of Woods' threesome, complained rightly that his ball was moving in the wind as he lined up to putt,

Open officials suspended play.

Woods was whisked off course with his bodyguards in a cart, but 20 minutes later, he returned and gradually gathered strength. He would get his first birdie of the day on 17 with a 6-foot putt after a fine bunker shot. He would get his second on 18 with another 6-footer that the large crowd in the stands greeted with warm applause.

For those who had not followed Woods throughout his weather-beaten round, those last two putts must have looked easy in the early evening sun, light, but the look of relief on Woods' face as he walked off the 18th should have told them otherwise.

"If your mind goes, your game goes," Woods said. "If you can hang in there and grind it out, and not get discouraged, you'll be all right."

"Even though I was four over after nine, I had some really good shots. It was just a question of some of the shots falling, and they finally fell on the last few holes."

Tour Breakaway: Life in the Fast Lane

By Samuel Abt
International Herald Tribune

BRIVE LA GAILLARDE, France — Come along for a ride at the front of the Tour de France.

There are three riders in a breakaway Friday, 6 minutes 30 seconds ahead of the rest of the 181-man field: Max Sciandri, a dual-nationality Italian-Briton who rides for La Française des Jeux; Cedric Vasseur, a Frenchman with Gan, and Jose Rodriguez, a Spaniard with Kelme. They are riding in

TOUR DE FRANCE

single file, working together by taking turns at the front as the two others ride in the slipstream during the 204.5-kilometer (127-mile) sixth stage of the three-week race.

With 50 kilometers to go, their coaches, who are close behind in cars, all doubt the riders can hold off the pack. If they do, two of the three coaches are pessimistic about their man's chances in a final sprint.

"They've got a 30 percent chance of staying away," says Serge Beucherie, the assistant directeur sportif, or coach, of the Gan team as he leans out the window, still steering, and chats with a reporter in another car. "The rest are beginning to come up awfully fast." He rates Vasseur's chances of winning a sprint as none.

In another team car, Yvon Madiot, the assistant directeur sportif of La Française des Jeux, also rates the over-

all chance of success at 30 percent. "If they last," he says, "Sciandri has a 50 percent chance of beating the Gan."

Jose Ignacio Labarta, the assistant directeur sportif of Kelme, is more confident about his rider. "He'll win the sprint easily if they don't get caught, which they probably will," he says.

The weather continues to be overcast and chilly and the crowds remain large from the start in the town of La Châtre in the center of the country south to Brive la Gaillarde.

Vasseur has instigated the attack, accelerating away from the pack at about 10 kilometers and being joined immediately by the two others.

As they pass through the town of St. Junien la Brege, 10 kilometers from the feed zone where the riders snatch bags of food on the fly, the three are working hard and the pack riding at a leisurely pace.

This begins to pick up 40 kilometers to the finish as the sprinters' teams, led by Mario Cipollini's Saeco riders, go to the front and force the pace. TVM is also there, favoring its sprinter, Jeroen Blijlevens, as are Riso Scotti for Nicola Minali and Mapei for Jan Svorada.

The breakaway's lead begins to come down rapidly under the pressure of fresh riders rotating at the front of the pack. With 25 kilometers to go, the three are still riding hard but only 2 minutes 5 seconds ahead.

Beucherie makes a critical decision. Another of his riders, Stuart O'Grady, is in the overall leader's yellow jersey,

1:29 ahead of Sciandri, the man they fear.

He talks on his mobile phone to the Gan directeur sportif, Roger Legay, who is trailing the main pack in another car and they decide that they cannot risk a victory by Sciandri by perhaps a minute and a half. That and the bonus 20 seconds he would get would give him O'Grady's jersey.

With 20 kilometers to go, Beucherie pulls alongside Vasseur and tells him to stop working with the others.

"That doomed the breakaway," Vasseur says after the finish. "I hated to do it because Sciandri and Rodriguez had worked so hard but I had my orders."

He sounds resigned. A year ago, he won the yellow jersey himself on a similar stage. "I thought I might get it again today," he adds.

Sciandri is not resigned but angry. "I don't understand Gan's strategy," he says. "We could have stayed away with Vasseur's help. Without it, no chance."

Before the start, he knows that this stage is right for him: When the Oakley sunglasses distributor visits the team, Sciandri tells him, "Give me a nice pair. I'll be on the front all day." Although there will be little sun, there are occasional drizzles and glare.

With 15 kilometers to go, the three are caught. Vasseur, still thinking yellow, attacks almost immediately. When the pack reaches and swallows him, he slams his fist down in the air in frustration.



Elderly spectators taking in the Tour's sixth stage on Friday.

Led still by the sprinters' teams, the riders storm into town in a bunch. For the second successive day, Cipollini pulls away from the field and crosses the line first by half the length of a bicycle. His time is 5 hours 5 minutes 32 seconds, a speed of 40 kilometers an hour.

Minali, also an Italian, is second and Svorada, a Czech, is third.

The three former companions in the breakaway are far back. Vasseur is 137th and Rodriguez 148th, both in the same time as the winner since they are among the majority of the pack that finished without a split in its ranks. At

the back, there are some splits and Sciandri gets his real time behind Cipollini, 1:20.

O'Grady keeps his yellow jersey, nine seconds ahead of George Hincapie, an American with U.S. Postal Service, after the Gan rider finishes third in a bonus sprint and has two seconds deducted from his overall time.

The Australian is ecstatic. "I've had a magical moment in my life," he says before the start. "I would have been thrilled to have the jersey one day and it's already been two." Now it's three.

AT&T Direct Service

SPANISH LANGUAGE GUIDE

AT&T Access Numbers

Area	800-252-4171	1-800-550-0000
Atlanta	800-252-4171	1-800-550-0000
Boston	800-252-4171	1-800-550-0000
Chicago	800-252-4171	1-800-550-0000
Dallas	800-252-4171	1-800-550-0000
Denver	800-252-4171	1-800-550-0000
Detroit	800-252-4171	1-800-550-0000
Houston	800-252-4171	1-800-550-0000
Los Angeles	800-252-4171	1-800-550-0000
Madrid	800-252-4171	1-800-550-0000
Manila	800-252-4171	1-800-550-0000
Mexico City	800-252-4171	1-800-550-0000
Monterrey	800-252-4171	1-800-550-0000
New York	800-252-4171	1-800-550-0000
San Francisco	800-252-4171	1-800-550-0000
Seoul	800-252-4171	1-800-550-0000
Singapore	800-252-4171	1-800-550-0000
Tokyo	800-252-4171	1-800-550-0000

with AT&T Direct™ Service. Get fast, clear, reliable connections home from foreign lands. Just dial the access number of the country you're calling from and charge it to your AT&T Calling Card or credit card. Translation! Easy worldwide calling. For a list of access numbers, see our ad on the back page.

(now you're talking)

It's all within your reach.



SPORTS

Frenchwoman Writing Chapter in the Brave New World of WNBA

She had forgot all about the World Cup. She was wearing high-top sneakers, and her damp hair was in a pony tail when the trainer of her basketball team came up to Isabelle Fijalkowski and said, "France beat Brazil, 3-0."

"It is not possible," she said, her mouth open wide. He repeated the score until she believed him.

She went back out onto the court of the Great Western Forum in Los Angeles, which was an unbelievable feat in itself. To think, after all, that women — indeed, a Frenchwoman — would ever be cutting and squeaking in the footsteps of Jerry West and Magic Johnson. When the World Cup result was announced to the audience as the women were warming up for the second half of their own game, the 6-foot-5-inch (1.96-meter) Fijalkowski alone began jumping and celebrating, as if she was the only one in the building who understood the language.

"So your countrymen inspired you," someone said to her over the phone a few days later. Laughing, she replied: "Well, we lost our game. When we started to play again I didn't think about the World Cup anymore."

She is trying to accomplish something infinitely more difficult than an upset of Brazil. Have Zinedine Zidane's two goals changed the world? Probably not. Might the WNBA grow up to influence millions of young women around the world? It is possible.

"When I go home to France, men look at me and say, 'Wow, she's tall,'" Fijalkowski said. "But nobody knows me as a basketball player. I am quiet in my town. I can do my shopping and nobody notices me. It is very confidential."

Fijalkowski, 26, the daughter of Polish immigrants, was born and raised in Clermont-Ferrand in central France, which until recently was home to two of the best women basketball clubs in Europe. Had she grown up in any other French city, her talent for the game might not have been nurtured. She had no great ambition to become the best player in Europe. Yet, that is what she became last season.

"I loved to practice because at practice I could be with my friends," she said. "Then we were lucky. There are some good coaches for women in France, but they are all in Division 1. They don't work normally with the younger players. But in Clermont-Ferrand the young players had these coaches."

Her love for the game has become something of a resource, part of a larger economic enterprise. In the summer of 1996, Fijalkowski showed up for pre-season training with her club in Bourges, France, which she led the following spring to the European championship. Thereafter she played for the French national team, and then she moved to Cleveland, of all places, to play in the inaugural season of the WNBA.

When the WNBA season ended in August, she moved to Como, Italy, home to the dominant women's basketball club in Europe. She guided Como to the European Final Four, then played for the French national team again, and then back again to the Cleveland Rockers, which was how she wound up in Los Angeles on the day last weekend when everyone else from her country was wishing to be at the Stade de France near Paris. She has been playing basketball nonstop for two years. When the season ends in Cleveland, she will rejoin the team in Como. Her body has been getting by on the same few days of rest as people who work in office buildings.

"But I have a choice: I do this because I want to do it," she said. "On the opening night for the WNBA in Cleveland, we had 11,000 people and it was fantastic. As a player you try to be as near to the people as you can, because you don't have that kind of feeling from the people in France."

The WNBA is revolutionary because it is a functioning business. No women's sports league, apart from the WTA tennis tour, has ever survived without artificial support. Women's basketball has been played professionally in Europe for years, but only at the mercy of a benefactor — a club president who took pride in his ownership of a winning team, or a sponsor hoping to improve recognition of its brand.

The WNBA, which plays in the summer, and its rival American league, the ABL, which plays in the traditional winter months, were started with the full-fledged intention of making money and standing on its own feet someday. To watch a WNBA game on American TV is to see potential realized commercially — the ads for women's bas-

keth shoes and women's athletic clothing; the audiences, which are larger than those drawn by most of the men's clubs in Europe; the cheering stoked up by the loud music in the arenas, and the emotion of players who grew up over imagining they would play in so entertaining an environment.

For many traditional sports fans, the WNBA is undoubtedly a creature of smoke-and-mirrors, of marketing and hype. And yet from another point of view, the league is convincing. While one is watching a game, the advertisements for the league bear a new-found sense of credibility, a ring of truth. This is because the players themselves are excellent.

"In France sport is for men," Fijalkowski said. "It is a mentality thing. Men have the strength; men have the power. It is not like this in America. In this country people recognize me as a good athlete, a good female athlete." Can she imagine the day when someone of her talent will be recognized in Europe? "I will have finished playing for a long time when I see that," she said, laughing again. But she will see it. It will happen.



Isabelle Fijalkowski, in Cleveland: 'In France, sport is for men.'

lan Thomsen is a senior writer for Sports Illustrated magazine.

SCOREBOARD

BASEBALL

MAJOR LEAGUE STANDINGS

TEAM	W	L	PCT.	GB
New York	67	22	.753	
Boston	66	23	.743	1.0
Toronto	49	49	.500	17.0
Baltimore	44	50	.469	22.0
Tampa Bay	24	58	.293	32.0
Cleveland	53	40	.570	
Kansas City	42	52	.447	11.0
Minnesota	42	52	.447	11.0
Chicago	41	54	.432	13.0
Detroit	39	53	.424	15.0
St. Louis	35	57	.383	19.0
San Diego	35	57	.383	19.0
Los Angeles	34	58	.368	20.0
Seattle	33	59	.358	21.0
Arizona	32	60	.347	22.0
San Francisco	31	61	.337	23.0
Colorado	29	63	.316	25.0
Florida	28	64	.305	26.0
Atlanta	27	65	.294	27.0
Pittsburgh	26	66	.283	28.0
Philadelphia	25	67	.272	29.0
Washington	24	68	.262	30.0
San Diego	23	69	.251	31.0
Los Angeles	22	70	.240	32.0
Colorado	21	71	.230	33.0
Arizona	20	72	.219	34.0
San Francisco	19	73	.208	35.0
Colorado	18	74	.197	36.0
Arizona	17	75	.186	37.0
San Francisco	16	76	.176	38.0
Colorado	15	77	.165	39.0
Arizona	14	78	.154	40.0
San Francisco	13	79	.143	41.0
Colorado	12	80	.132	42.0
Arizona	11	81	.121	43.0
San Francisco	10	82	.110	44.0
Colorado	9	83	.100	45.0
Arizona	8	84	.089	46.0
San Francisco	7	85	.078	47.0
Colorado	6	86	.067	48.0
Arizona	5	87	.056	49.0
San Francisco	4	88	.045	50.0
Colorado	3	89	.034	51.0
Arizona	2	90	.023	52.0
San Francisco	1	91	.012	53.0
Colorado	0	92	.000	54.0

FOOTBALL

CANADIAN FOOTBALL LEAGUE

TEAM	W	L	T	PCT.
Calgary	10	4	0	.714
Edmonton	9	5	0	.643
Montreal	8	6	0	.571
Toronto	7	7	0	.500
Winnipeg	6	8	0	.429
Hamilton	5	9	0	.357
Ottawa	4	10	0	.286
Saskatchewan	3	11	0	.214
BC Lions	2	12	0	.143
Vancouver	1	13	0	.071
Seattle	0	14	0	.000

CYCLING

TOUR DE FRANCE

TEAM	W	L	T	PCT.
France	10	4	0	.714
Italy	9	5	0	.643
Spain	8	6	0	.571
Belgium	7	7	0	.500
Netherlands	6	8	0	.429
Germany	5	9	0	.357
Australia	4	10	0	.286
Switzerland	3	11	0	.214
Sweden	2	12	0	.143
Denmark	1	13	0	.071
Poland	0	14	0	.000

TENNIS

WIMBLEDON

TEAM	W	L	T	PCT.
USA	10	4	0	.714
France	9	5	0	.643
Spain	8	6	0	.571
Belgium	7	7	0	.500
Netherlands	6	8	0	.429
Germany	5	9	0	.357
Australia	4	10	0	.286
Switzerland	3	11	0	.214
Sweden	2	12	0	.143
Denmark	1	13	0	.071
Poland	0	14	0	.000

THE WEEK AHEAD

SATURDAY, JULY 18

TEAM	W	L	T	PCT.
USA	10	4	0	.714
France	9	5	0	.643
Spain	8	6	0	.571
Belgium	7	7	0	.500
Netherlands	6	8	0	.429
Germany	5	9	0	.357
Australia	4	10	0	.286
Switzerland	3	11	0	.214
Sweden	2	12	0	.143
Denmark	1	13	0	.071
Poland	0	14	0	.000

BASEBALL

MONDAY, JULY 20

TEAM	W	L	T	PCT.
USA	10	4	0	.714
France	9	5	0	.643
Spain	8	6	0	.571
Belgium	7	7	0	.500
Netherlands	6	8	0	.429
Germany	5	9	0	.357
Australia	4	10	0	.286
Switzerland	3	11	0	.214
Sweden	2	12	0	.143
Denmark	1	13	0	.071
Poland	0	14	0	.000

DENNIS THE MENACE



PEANUTS



CALVIN AND HOBBES



WIZARD OF ID



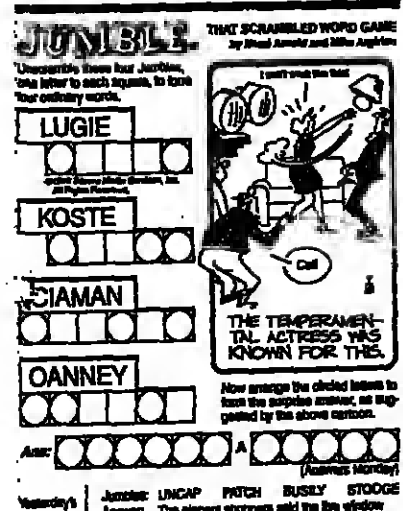
NON SEQUITUR



DOONESBURY



JUNBLE



BEETLE BAILEY



LAUNDR



BLONDE



EDUCATION

Appears every Monday in The Internet.

To advertise contact Sarah Wersbaf in our London office:

Tel: +44 171 420 0326

Fax: +44 171 420 0338

or your nearest IHT office or representative.

LIVE - German Motorcycle GP

tune in tomorrow 11.00 (CET)

EUROSPORT

Eurosport, Europe's No.1 Sports TV Channel, available on cable and satellite

DAVE BARRY

Back to the Sofa, Team!

MIAMI—Perhaps you watched World Cup soccer on TV, and you're tempted to get up off the sofa and try the game yourself. Allow me, as a big believer in the benefits of exercise, to offer you these words of encouragement: Get back on the sofa.

I say this because recently I played in a soccer game (or "match") on a regulation soccer field (or "pitch") and I wound up fearing for the safety of my most sensitive male anatomical parts (or "Roscoes"). I blame my wife. She's a sports writer, and she covers South Florida's Major League Soccer team, which is called the "Miami Fusion." (This name represents the powerful bond that forms, in this multicultural melting-pot community, between your thighs and your car seat.)

I attend most of the Fusion games, because I like to sit in the press box and help the sports writers by offering knowledgeable soccer observations such as, "I bet that hurts when they hit it with their heads!" and "There's the beer vendor!"

The reason I know so much about soccer is that I used to play it myself, as a college freshman in 1965. The type of soccer I played was "intramural," which comes from the Greek words "intra," meaning "guys," and "mural," meaning "who are not trying too hard." If the ball happened to come directly to us, we'd try to kick it, but we did not go LOOKING to get involved.

So I remembered soccer as a casual, relaxing activity, which is why, when my wife and I were asked to play in a match between the media and the staff of the Miami Fusion, I said sure. I figured we'd jog around in the vicinity of the ball for a few friendly minutes, then go to a restaurant.

I was an idiot. I realized this the instant we arrived at the stadium. Most of the other people, on both teams, were serious, clean-wearing soccer players. Some had played on professional teams, where they ate intramural players for their team snack. They were shouting Spanish soccer expressions that translate roughly to, "I shall kick the ball with great velocity, so stand clear, lest it pass through your torso and travel a great distance farther with your pancreas clinging to it!"

The other problem was the size of the playing field. It always appeared, from up in the press box, to be about the size of a football field, but when I actually stood on it, I realized that it was much closer, in terms of square footage, to Kansas. I became exhausted before the game even started merely from jogging to the middle of the field, where I had the following conversation with one of my teammates, a foreign journalist who spoke very limited English:

Most of the people were serious, clean-wearing soccer players.

and then, the ball would shoot past me, followed by people yelling in Spanish. One time the ball came directly toward me, and I was about to kick it when I heard footsteps approaching from behind. Because I am a free-thinking '90s guy, I'm not ashamed to say that it was a woman player who knocked me sideways like an inflatable Bozo doll and took the ball away. I AM ashamed to say that I was then replaced in the lineup by a man named Leo Mueller who is — I swear I am not making this up — 89 years old. Leo took up soccer in his late 60s, and he's in a league, and he played WAY better than I did, despite the fact that he has about the same foot speed as a geranium.

At halftime, my wife, who had also been running around out there somewhere, came to me on the sideline. I figured that, as a competitive person and sports journalist, she wanted to discuss tactics. She said: "Do these shorts look too big?"

As a veteran male, I know it's a big mistake to answer that type of question, so I trotted onto the field for the second half. This was an even bigger mistake, because I wound up being part of a "wall." This happens when your team commits a foul, and the other team gets to kick the ball at your goal, so the players on your team line up in front of the kicker to try to block the shot. All the men put both hands over the part of their body that they value the most, which needless to say is not their brains.

Fortunately, the ball was kicked in such a way that nobody in the wall will have to change choir sections, if you get my drift. Finally, after about a month, the game ended. I will frankly admit that the Fusion staff team was a lot better than the media team. But since the media got to write the story, I'm stating here, for the official record, that we won 158 to 3, and I personally scored nine touchdowns.

©1998 The Miami Herald
Distributed by Tribune Media Services

If the ball happened to come directly to us, we'd try to kick it.

Actor's Metamorphosis Into Oedipus the Tyrant

By Joan Dupont
International Herald Tribune

AVIGNON — Charles Berling, a new force in theater and film, tackled a big one in an updated version of Sophocles' "Oedipus," which opened Avignon's 52d theater festival. On stage for two hours with a one-man chorus, without props or music, Berling plays Oedipus as a cornered, desperate, to put the blame for his crimes of regicide, patricide and incest on somebody else.

"Oedipus is a tyrant to the end — in fact, he's odious," the actor said. "Oedipe le Tyrant," staged by Jean-Louis Martinelli and adapted from Friedrich Holderlin's German translation of 1804, gives the tragedy a modern, political edge. But at the Cour d'Honneur premiere, the production received a reception chiller than the mistral.

"We were up against something more difficult than the wind, worse than the World Cup frenzy on the streets — a very special first-night public," Berling said. "I'm disappointed in the reaction, but I'm not thrown because I know our approach is hard for audiences. Every night will be different — that's theater, high-risk."

Berling, 40, has witnessed many stormy nights and magic moments in the Cour. He has seen the classics, from Corneille to Claudel, treated in a variety of styles.

The actor, who pared down for the part of Oedipus from a rather plump figure, has a piercing blue gaze and contemplative manner, a contrast that has made him, from part to part, a perfectly ambiguous modern hero.

His newly tuned body better fits the tortured Oedipus. He has a ready, insinuating voice, and has crept up on public awareness playing heroes beset by unusual identity crises: on stage as a transsexual in Rainer Werner Fasshinder's "In a Year With 13 Moons," directed by Martinelli, and recently as an uneasy family man of ambivalent sexuality in Patrice Chereau's film



Charles Berling plays Oedipus as an ambiguous modern hero.

"Ceux qui m'aiment prendront le train" (Those who love me will take the train).

Muted suffering seems to be Berling's specialty, but he loves shedding skins, going the other way, such as when he played the full-blooded young scientist in Patrice Leconte's "Ridicule." "Metamorphosis is really my thing," Berling said. "At the drop of a hat, I can put on or lose weight; I don't do it on purpose like De Niro, but I can help it happen. I

think it has to do with self-image, my feeling about childhood; I used to be a thin boy."

An actor who works nonstop — sailing is his only recreation — Berling switches easily between stage and screen, drama and comedy, excelling in both, which has people comparing him to Gerard Philipe, France's leading actor of the 1950s. Berling just finished two films and will play Oedipus this winter outside Paris and in Strasbourg.

"That's what makes an actor: Sometimes you need something light, a break from gravity, at times, to dig deeper," he said. "When I act this part, it involves me completely — I'm very affected by the roles I play."

"Today people want something more showy to mask realities, just the way Oedipus hides from the truth. But an actor can't exist outside poetry, and the poetry of Sophocles and Holderlin comes first, before pleasing the public. Our job is to bring people to this poetry."

Holderlin, the German poet, was obsessed with the Oedipus legend and the postrevolutionary notion of tyranny. A fervent believer in the French Revolution, he was shocked by the turn his heroes took — Robespierre who instigated the Terror, Bonaparte who became Emperor Napoleon.

As the play opens, the worst has happened: Oedipus, king of Thebes, has unwittingly murdered his father and married his mother. Because of the regicide, the gods are angry: Thebes is infested by the plague. The hero has yet to learn and to assume his responsibility.

"It's not a suspense story, but there's tension in the process of Oedipus getting to the truth," Berling said. "What interests me is that his tyranny comes from suffering. He suffers because he's illegitimate, he has no identity; he's a usurper who is never in the right place."

On stage, Berling paces a narrow no-man's land, a plank set between the public and his few supporting characters: his wife, Jocaste, his brother in law, Creon, the blind prophet Tiresias, and the shepherd who found him, a baby abandoned by his royal father.

Against a minimalist backdrop, hemmed in by unconscious knowledge that he is the author of his country's ruin, he is consumed by rage.

In Holderlin's version (translated by Philippe Lacoue-Labarthe), the only real action — Oed-

ipus tearing out his eyes — happens offstage.

"We chose not to show pain, even at the end," Berling said. "This Oedipus, to me, is about my generation's relationship to truth and falsity, our rejection of the sacred and the irrational — that's what helps me play the part, feeling that it has resonance today. Theater, like sailing, makes you realize you're up against big forces, but we're the post-May '68 generation, we don't believe in anything. We can't be rebels and we can't be marginal."

Son of a naval officer, fourth in a family of six, Berling said that family resemblance is amazing, awful. "I suffered, especially in adolescence, from feeling like a clone, and all your own faults you see in your siblings."

Nothing much was ever expected of him. "I liked to make people laugh. Our lycée in Toulon had a theater group, and I understood at 15 that theater involves something beyond exhibitionism. Theater took me to literature; I studied Greek and Latin, and learned poetry in my body."

After attending the Institut National Supérieur des Arts du Spectacle in Brussels, "a great school for theater and for cinema," Berling started acting at the Théâtre National de Strasbourg, which was directed by Jean-Pierre Vincent, and, since 1990, by Martinelli.

Pastelate Ferran chose him to play the melancholy brother in "Petits arrangements avec la mort," his first film, and he went on to play leading roles — often, a round, brotherly figure with surprising depth — in movies by several French female directors.

"I felt that 'Petits arrangements avec la mort' got to the core of a certain suffering hidden at the heart of family life," he said. "A family may be a source of stability, but it's also a source of lies, terrible secrets, pain that never goes away. Families are never simply happy, as we see so well in 'Oedipus.'"

PEOPLE

ABOY was born to Princess Elena of Spain early on Friday in a Madrid clinic. The baby, named Felipe Juan Froilan de Todos los Santos, is the first grandchild of King Juan Carlos and Queen Sofia. He will be third in line to the throne after his uncle, Crown Prince Felipe, and Elena, the eldest of the royal offspring. Elena, 35, is married to the economist Jaime de Marichalar.

Aerosmith's drummer, Joey Kramer, suffered minor burns on his arms and a band when his Ferrari caught fire as he filled up at a gas station in Massachusetts. The fire was apparently due to a leak in the hose, a fire department spokesman said.

The former governor, Chris Patten, will return to Hong Kong in October to promote his book, "East and West," said his publisher, Macmillan. The book's reported criticism of Beijing was said to be behind the decision of the original publisher, Rupert Murdoch's firm HarperCollins, to drop it.

Prince Charles is using his artwork to raise money for a hostel in Nepal that rescues girls from child prostitution. The San newspaper reported.

The prince hopes to raise the equivalent of \$82,000 through the sale of prints of a watercolor of Himalayan range he made during a trekking trip in 1992. Charles visited the hostel in Kammandi in February and found the girls' stories "grim and even more heartbreaking than I could have imagined," he said in a letter published by the tabloid.

Roy Orbison's estate is suing Sony for more than \$12 million in a dispute over foreign royalties. The estate sued Sony last August, but an amended complaint filed last week specifies a dollar amount, claiming Sony misrepresented record contracts and royalty rates, used to calculate payment to the estate. "Americans don't realize sometimes that he has always been huge in Europe, and he still is," said the estate lawyer, Sam Lipschitz. Foreign royalties "are much bigger for Roy Orbison than they are for a lot of American artists because he's always been a superstar there." Orbison died in 1988.

Michael Jackson has not abandoned plans to build a \$500 million theme park in Warsaw, his lawyer said. The Interior Ministry refused permission to build it at a little-used airport on the city's outskirts, but several new sites have been selected.



START IT UP — The guitarist Keith Richards performing during a Rolling Stones concert in Malaga, Spain, on the band's world tour.



(kick off your shoes)

and use AT&T Direct™ Service. With the world's most powerful network, you get fast, clear, reliable connections from anywhere. Plus you'll always have the option of an operator who speaks your language. All it takes is your AT&T Calling Card or credit card, and you're well on your way. Without a care in the world.

Steps to follow for easy calling worldwide:

1. Just dial the AT&T Access Number for the country you are calling from.
2. Dial the phone number you're calling.
3. Dial your card number.



AT&T Access Numbers			
Austria	022-983-011	Greece	00-800-1311
Belgium	020-000-10	Ireland	1-800-030-000
Czech Republic	00-42-000-101	Israel	1-800-94-94-44
Egypt (Cairo)	510-0200	Italy	172-1011
France	0-800-99-0011	Netherlands	0800-022-111
Germany	0130-0010	Russia (Moscow)	735-0002
		Saudi Arabia	1-800-10
		Spain	900-99-00-11
		Sweden	020-795-011
		Switzerland	0800-00-0011
		United Kingdom	0800-09-0011
		United States	0800-09-0011

For access numbers not listed above, ask any operator for AT&T Direct Service, or visit our Web site at www.att.com/traveler



It's all within your reach.

Credit card calling subject to availability. Payment terms subject to your credit card agreement. Toll-free numbers permit country-to-country calling outside the U.S. Collect calling is available to the U.S. only. Country-to-country rates consist of the cost of a call to the U.S. plus an additional charge based on the country you are calling. You can call the U.S. from all countries listed above. *Pay phone deposit. *Limited availability. *Calling available to most countries. *Public phones require local coin payment during the call. *Dial "02" first, outside Cairo. *Additional charges apply outside Moscow. *U.S. toll-free numbers are 1-800-xxx-xxxx. *U.S. toll-free numbers are 0800-xxx-xxxx. *0800-09-0011.